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9 October 1981

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OPINION ON INTERNATIONAL IMAGES, PREOCCUPATION WITH SECURITY

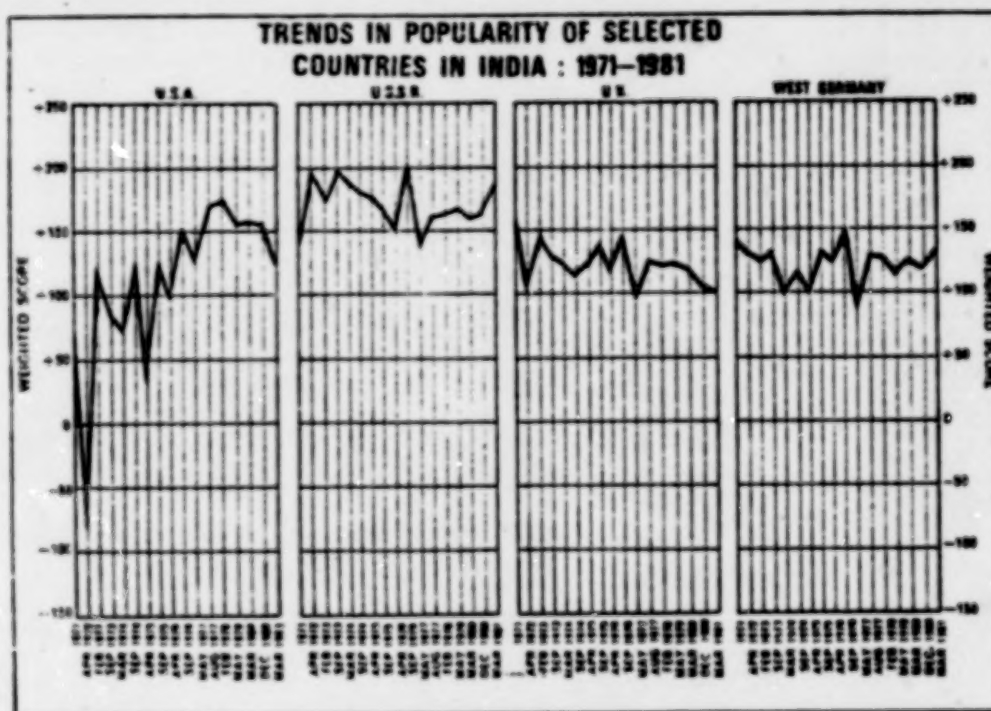
New Delhi MONTHLY PUBLIC OPINION SURVEYS in English May-Jun 81, Blue Supplement
pp I-X

[Text]

The current survey is the sixteenth in the series, carried out by the Institute over the last sixteen years, designed to ascertain popular images on a five-point scale. The results have been set against those obtained in all the surveys conducted since 1971. Since these surveys covered the same universe and used the same five point scale, it has been possible to obtain trends in popular rankings of certain leading countries.

An analysis of the results of these surveys becomes meaningful if they are discussed against the back drop of international events preceding the survey for, on past record, it is the perception of these events especially those affecting our national interests, that condition popular images of leading countries.

The current survey was conducted shortly after the United States decided to rearm Pakistan on a scale that has raised serious



misgivings in this country about its security. The unfortunate record of three Indo-Pakistan wars over the last 34 years has lent weight to the contention that the sophisticated arms acquired by Pakistan could eventually be used against this country. Perhaps rearmament of Pakistan would not have exercised the Indian people to the extent it currently does, had Indo-Pak relations been normalised. As it happens the two neighbours continue to nurse suspicions of each other's motives, notwithstanding the change in the geopolitical complexion of the region brought about by the Soviet military presence in Afghanistan.

The Sample

The sample in the current survey was larger (1500 interviews) than covered in most of the surveys in this series. As already mentioned, it covered, the same universe in which others in this series were carried out over the last decade—the literate segment of the population in the four Metropolitan cities of Bombay, Calcutta, Delhi and Madras. In all 1500 interviews—375 in each city—were conducted. The sample was randomly selected from electoral rolls eliminating literates in the process of selection.

United States : Suffers a Significant Setback

The United States—which had recovered the goodwill lost after the Bangladesh crisis was again seems to be going down in popular estimation. Currently it is ranked fourth after the Soviet Union, Japan and West Germany. It has lost 33 points in its popularity score since the last survey conducted in December, 1980. The reasons for this slideback are quite obvious. In its anxiety to secure the oil-rich Gulf region for the West, the United States have picked Pakistan to play the kind of role the late Shah performed. Rearmament of Pakistan with sophisticated weaponry was only a logical step to that end. Understandably

this has raised serious misgivings in this country, given the past record of three Indo-Pak wars. The Indian people, as the responses to another question discussed elsewhere indicate, have come to believe that arms acquired by Pakistan are likely to be used against this country.

The Reagan administration seems to be too preoccupied with security of the Gulf region to take into account Indian susceptibilities and security concerns. But then nor did the Nixon administration when it opted more towards Pakistan during the Bangladesh crisis. Needless to recall that the damage suffered by the United States was undone after seven years

The Image of the United States

(Percentages)

Year	OPINION					IIPO Weighted score	
	Very Good	Good	Neither good nor bad	Bad	Very bad	Don't know	
1971	15	34	18	24	4	5	71
April 1972	2	11	16	32	20	15	80
February 1973	10	40	31	9	1	9	120
September 1973	7	35	34	11	5	8	88
March 1974	13	34	21	13	11	8	69
September 1974	7	43	7	9	2	7	120
April 1975	7	30	26	19	12	6	33
September 1975	13	45	18	8	3	13	122
April 1976	11	30	18	12	2	18	99
September 1976	24	43	15	10	1	7	150
May 1977	9	49	18	9	1	14	123
August 1977	20	53	16	5	1	5	169
February 1978	19	56	16	5	1	3	172
May 1979	14	57	16	6	1	6	157
March 1980	18	48	21	5	1	7	158
December 1980	18	47	21	5	1	8	156
March 1981	12	42	28	10	1	7	123

This indeed seems to be an unfortunate development, as the image of the United States, on survey evidence, had registered a remarkable improvement over the last four years. The U.S. even surpassed the Soviet Union in popularity in 1977 and 1978 and later continued to claim a ranking at par with the Soviet Union.

Has this fund of goodwill been lost by its decision to arm Pakistan? Since Pakistan's ability to take on the Soviet military might remains patently doubtful—and it has not foreclosed its options vis-a-vis the Soviet Union—one wonders if the decision to arm it would deliver the desired results for the United States' long term interests in the region.

The Soviet Union—Again at the Top

In the last survey, the Soviet Union was ranked at par with the United States. In fact the results of the last three surveys had shown that it was gradually losing ground with the Indian people though the loss was not as precipitate as expected because of its military intervention in Afghanistan. In the current survey it has again claimed the top position in popular ranking with an addition of 28 points to its score. The U.S. decision to arm Pakistan with sophisticated weaponry seems to have revived the memories of the

Soviet record vis-a-vis India over the last 34 years; the Indian people have come to believe that the Soviet Union would always come to its rescue whenever India faced a crisis. During the 1971 Bangladesh crisis when this country was virtually isolated the Soviet Union recorded a peak in its popularity score. Given the changed geo-political climate in the region a similar eventuality cannot be ruled out. Even the Soviet military intervention in Afghanistan has been relegated to the background by the Indian people's pre-occupation with the country's security.

The Image of Soviet Union

Year	Opinion					(Percentages)	
	Very good	Good	Neither good nor bad	Bad	Very bad	Don't know	IIPD weighted score
1971	14	15	25	8	1	7	154
April 1972	43	31	4	2	—	19	195
February 1973	22	52	12	3	1	10	173
September 1974	32	47	11	1	1	8	196
March 1974	27	50	10	2	—	11	187
September 1974	28	45	15	3	1	8	180
April 1975	18	57	14	3	—	8	176
September 1975	20	48	15	3	—	14	165
April 1976	17	45	15	3	1	19	147
September 1976	33	43	12	1	—	9	201
May 1977	10	50	19	4	—	16	141
August 1977	17	52	17	3	2	9	160
February 1978	15	53	0	3	2	8	162
May	14	57	16	2	—	11	168
March 1980	11	48	21	4	1	9	157
December 1980	21	45	18	4	—	12	163
March 1981	27	48	15	2	1	9	185

United Kingdom—A Stable Score

The U.K. in the current survey is ranked sixth with a popularity score slightly lower than it had claimed in the last survey.

It seems that the United Kingdom no longer figures prominently in the reckoning of the Indian people. However, one fact goes in its favour; it is no longer regarded blatantly pro-Pakistan as it used to be in the late sixties. Its record during the Bangladesh crisis seems

to have conditioned its popular image favourably. The British assessment of the changing power balance in the sub-continent, enabled it to strike a balanced in the sub-continent enabled it to strike a balanced posture. The 1972 survey recorded a fairly high score for U.K. (138 points). Now the U.K. popularity has settled at what might be described a stable plateau.

West Germany and France

West Germany in the current survey is ranked third with a popularity score of 112 points. The corresponding figure for the last survey was 117. West Germany seems to have acquired a lasting place in the Indian people's estimation. Indeed a look at the table on page 5 would indicate that its image has stood the test of time. Presumably its phenomenal economic progress coupled with the increasing Indo-German cooperation have together contributed to this favourable image. The goodwill for west Germany has also been sustained by the memories of Willy Brandt's favourable stand on Bangladesh crisis when

this country was short of friends.

Another leading country of the European Community, France seems to have settled at a middling level of the popularity scale. Unlike West Germany, as the record in the surveys in this series indicate, France has failed to deeply impinge upon the minds of the Indian people. Its image continues to be marked by an large element of 'don't know'. It appears the arrival of the new Socialist President, Mitterand with pronounced pro-Third World leaning is still to register on the minds of the Indian people.

Japan Claims High Second Ranking

Japan has always figured prominently in the estimation of the Indian people since the surveys in this series were started. In fact for three years in a row (1969-71) it surpassed the two super-powers by claiming first ranking. Only after the Bangladesh crisis when it adopted a dubious posture it was relegated to the background. However it managed to forge

ahead after a couple of years; since then it has always been claiming second or third position in the popular ranking. In the current survey it is not only ranked second, it has obtained a score which is only marginally lower than the Soviet Union's—175 against the Soviets' 185 points.

The Image of The United Kingdom

(Percentages)

Year	OPINION						IIPO weighted Score
	Very good	Good	Neither good nor bad	Bad	Very Bad	Don't Know	
1971	19	38	22	—	1	14	153
April 1972	3	40	26	4	—	27	106
February 1973	10	50	20	2	1	17	143
September 1973	5	45	29	2	—	19	130
March 1974	4	44	27	3	—	22	121
September 1974	4	43	26	4	—	23	116
April 1975	4	45	27	3	—	21	123
September 1975	7	57	25	1	—	20	138
April 1976	5	43	22	3	1	26	114
September 1976	8	48	28	3	—	13	142
May 1977	2	31	35	4	—	28	95
August 1977	7	42	30	4	1	16	124
February 1978	7	44	28	6	1	14	122
May 1979	4	45	32	4	1	14	123
March 1980	7	41	28	5	1	18	118
December 1980	5	36	30	5	1	23	104
March 1981	5	36	34	9	1	15	100

The Image of West Germany

(Percentages)

Year	OPINION						IIPO Weighted Score
	Very Good	Good	Neither good nor bad	Bad	Very bad	Don't know	
1971	12	41	24	2	—	21	138
April 1972	4	50	19	2	—	24	130
February 1973	10	39	15	1	—	35	121
September 1973	6	45	21	—	—	28	129
March 1974	3	32	27	1	—	37	98
September 1974	8	38	18	1	—	35	116
April 1975	4	32	25	1	—	38	99
September 1975	11	40	19	1	—	29	130
April 1976	10	39	15	—	—	37	123
September 1976	14	47	16	1	—	22	150
May 1977	3	28	26	1	—	48	83
August 1977	11	40	18	1	—	30	129
February 1978	13	36	20	2	—	29	127
May 1979	6	40	15	1	—	38	111
March 1980	9	39	23	2	—	27	124
December 1980	9	34	26	2	—	29	117
March 1981	10	40	23	1	—	25	131

THE IMAGE OF THE U. S. A.

On the whole, what is your opinion of the following countries Very good, good, neither good nor bad, bad or very bad ?

(Percentages)

	No of Respondents	Very good	Good	Neither good nor bad	Bad	Very bad	Can't say
TOTAL	1500	12.1	41.4	27.7	10.5	1.1	7.2
SEX							
Male	966	12.2	36.9	30.8	12.0	1.4	6.6
Female	534	12.0	49.6	21.9	2.9	0.4	8.2
AGE (in years)							
12 to 35	867	14.3	41.4	27.2	6.9	1.3	6.2
36 to 50	406	10.1	40.6	27.8	12.3	0.7	8.4
Above 50	227	7.5	42.7	29.4	11.0	0.9	8.4
EDUCATION							
Primary or less	72	5.8	41.7	16.7	9.7	0.0	26.4
Some secondary	227	8.8	43.6	24.2	10.1	0.9	12.3
Sec. complete/some univ	601	13.1	42.1	26.8	9.8	1.2	7.0
Univ. degree or more	600	13.2	39.8	31.2	11.5	1.2	3.2
HOUSEHOLD INCOME							
Up to 150	8	12.5	37.5	37.5	12.5	0.0	0.0
151-300	38	7.4	44.7	28.9	10.5	0.0	7.9
301-500	155	1.16	43.9	19.4	8.4	0.6	16.1
501-750	216	10.2	35.2	28.2	15.3	0.5	10.6
751-1000	282	9.6	40.1	34.0	11.0	1.1	4.3
Above 1000	684	13.7	44.6	28.1	9.5	1.3	2.8
Refusal	117	14.5	13.3	18.8	9.4	1.7	22.2
OCCUPATION							
Professionals	90	17.8	40.0	31.0	10.0	1.1	1.1
Businessmen/retailer	243	17.0	39.6	29.0	10.6	0.4	9.4
Govt. off/Bus. Exec.	88	26.1	36.4	25.0	8.0	2.3	1.3
White collar workers	393	10.9	34.1	33.8	11.9	1.4	7.8
Skilled workers	97	5.2	41.2	23.7	19.6	2.1	8.2
Unskilled workers	35	8.6	40.0	25.7	17.1	0.0	8.6
Housewives	310	10.6	50.3	20.0	8.8	0.0	10.3
Others	58	17.2	44.8	20.7	10.3	1.7	5.2
Not working, Retired	264	11.7	41.7	32.6	8.0	1.9	4.2
RELIGION							
Hindu	1323	12.2	39.9	28.2	11.1	1.1	7.5
Muslim	54	13.0	53.7	29.6	1.9	0.0	1.9
Christian	65	9.2	63.1	16.9	6.2	0.0	4.6
Sikh	29	6.9	37.9	24.1	20.7	3.4	6.9
Others	29	20.7	41.4	27.6	0.0	0.0	10.3
CITY							
Bombay	375	17.6	50.1	25.3	4.8	0.5	1.6
Calcutta	375	7.2	31.5	36.3	16.5	1.6	6.9
Delhi	375	11.5	27.2	29.3	19.2	1.9	10.9
Madras	375	12.3	56.8	19.7	1.6	0.3	8.3

THE IMAGE OF THE U. S. S. R.

(Percentages)

	No. of Respon- dents	Very good	Good	Neither good nor bad	Bad	Very bad	Can't say
TOTAL	1500	27.1	47.8	14.4	2.4	0.6	7.7
SEX							
Male	966	29.7	44.9	15.5	2.7	0.5	6.3
Female	534	22.3	53.0	12.4	1.9	0.2	10.3
AGE (in years)							
21 to 35	867	29.4	47.3	13.3	2.4	0.7	6.9
36 to 50	406	24.1	47.3	17.0	2.2	0.7	8.6
Above	227	23.3	50.7	14.1	2.6	0.0	9.3
EDUCATION							
Primary or less	72	12.5	52.8	4.2	0.0	1.4	27.2
Some secondary	227	25.1	46.3	13.7	1.3	0.0	13.7
Sec. complete/some univ	401	28.5	48.9	12.1	2.8	6.7	7.0
Univ. degree or more	600	28.2	46.7	18.2	2.7	0.7	3.7
HOUSEHOLD INCOME							
Up to 150	8	12.5	62.5	12.5	0.0	0.0	12.5
150-300	38	21.1	42.1	26.3	0.0	0.0	10.5
301-500	155	28.4	46.5	8.4	1.3	0.6	14.8
501-750	216	32.9	49.5	7.9	1.4	1.4	6.9
751-1000	282	30.9	47.5	14.5	1.4	0.4	5.3
Above 1000	644	22.7	50.3	18.3	3.9	0.3	4.5
Refusal	117	34.3	33.3	7.7	0.0	1.7	23.1
OCCUPATION							
Professionals	90	20.0	42.2	23.3	10.0	1.1	3.3
Businessmen/retailer	245	26.9	46.1	14.7	2.0	0.4	9.8
Govt. off bus. Exec.	88	37.5	39.8	17.0	1.1	2.3	2.3
White collar workers	203	14.5	41.0	15.0	1.7	0.7	7.2
Skilled workers	97	30.9	48.5	12.4	0.0	1.0	7.2
Unskilled workers	35	22.9	44.6	11.4	2.9	0.0	14.3
Housewives	300	20.6	54.2	11.8	1.2	0.3	11.8
Others	58	32.8	43.1	17.2	1.7	0.0	5.2
Not working, retired	264	23.9	54.2	13.3	3.8	0.4	4.5
RELIGION							
Hindu	1323	28.0	48.3	13.8	1.7	0.6	7.6
Muslim	54	22.2	50.0	16.7	5.6	0.0	5.6
Christian	65	10.8	52.3	18.5	6.2	1.5	10.8
Sikh	22	48.3	31.0	10.3	3.4	0.0	6.9
Others	29	10.3	27.6	31.0	20.7	0.0	10.3
CITY							
Bombay	375	23.5	44.8	21.3	4.5	0.5	5.3
Calcutta	375	21.6	49.6	19.2	2.7	1.6	5.3
Delhi	375	51.7	32.0	5.9	0.3	0.3	9.9
Madras	375	11.5	64.8	11.2	2.1	0.0	10.4

THE IMAGE OF THE UNITED KINGDOM

(Percentages)

	No of respondents	Very good	Good	Neither good nor bad	Bad	Very bad	Can't say
TOTAL	1500	5.3	35.3	34.8	8.9	1.1	14.6
SEX							
Male	966	6.3	35.1	36.6	9.7	1.7	10.8
Female	534	3.9	35.8	31.5	7.3	0.0	21.5
AGE (in years)							
21 to 35	867	6.2	35.6	34.4	9.2	1.0	13.5
36 to 50	406	3.7	35.0	33.3	8.4	1.5	18.2
Above	227	4.8	34.8	39.2	8.4	0.4	12.3
EDUCATION							
Primary or less	72	2.8	16.7	20.8	1.4	0.0	58.3
Some secondary	227	2.2	33.0	26.9	7.9	0.9	29.1
Sec. complete/some univ	601	6.3	35.3	35.9	8.0	1.3	13.1
Univ. degree or more	600	5.8	38.5	38.3	11.0	1.0	5.3
HOUSEHOLD INCOME							
Up to 150	8	0.0	50.0	12.5	12.5	0.0	25.0
150-300	38	2.6	36.8	18.4	2.6	0.0	39.5
301-500	155	5.8	34.8	29.7	2.6	0.6	26.3
501-750	216	3.2	25.0	43.1	7.4	0.9	20.4
751-1000	282	3.2	34.0	37.6	12.8	1.8	10.6
Above 1000	684	5.6	38.9	36.1	10.4	1.2	7.9
Refusal	117	13.7	35.9	18.8	3.4	0.0	28.2
OCCUPATION							
Professionals	90	2.2	41.1	44.4	11.1	1.1	0.0
Businessmen/retailers	245	4.9	34.7	32.2	11.8	1.6	14.7
Govt. off/aus. Exec.	88	14.8	40.9	29.5	10.2	1.1	3.4
White collar workers	293	7.8	35.2	35.8	8.9	1.0	11.3
Skilled workers	97	3.1	34.0	44.3	7.2	1.0	10.3
Unskilled workers	35	2.9	34.3	25.7	2.9	2.9	31.4
Housewives	330	2.4	32.1	27.9	8.5	0.0	29.1
Others	58	5.2	48.3	32.8	3.4	0.0	10.3
Not working, retired	264	5.7	34.2	41.3	8.0	1.9	9.1
RELIGION							
Hindu	1323	5.3	34.4	35.7	8.9	1.0	14.7
Muslim	54	3.7	48.1	27.8	7.4	1.9	11.1
Christian	65	4.6	50.8	27.7	3.1	1.5	12.3
Sikh	29	3.4	27.6	27.6	20.7	3.4	27.2
Others	29	13.8	27.6	31.0	10.3	0.0	17.2
CITY							
Bombay	375	4.3	38.4	38.9	9.1	0.8	8.5
Calcutta	375	1.3	28.3	42.9	12.8	3.2	11.5
Delhi	375	10.4	31.5	31.7	10.1	0.3	16.0
Madras	375	5.3	43.2	25.6	3.5	0.0	22.4

THE IMAGE OF THE WEST GERMANY

(Percentages)

	No of Respon- dents	Very good	Good	Neither good nor bad	Bad	Very bad	Can't say
TOTAL	1500	10.3	40.4	23.2	1.4	0.1	24.6
SEX							
Male	966	12.6	44.5	23.9	1.8	0.1	17.1
Female	534	6.2	33.0	21.9	0.7	0.0	38.2
AGE (in years)							
21 to 35	867	10.8	39.9	24.9	1.2	0.1	23.1
36 to 50	406	9.1	40.1	19.7	1.7	0.0	29.3
Above	227	10.6	42.7	22.9	1.8	0.0	22.0
EDUCATION							
Primary or less	72	2.8	13.9	5.6	0.0	0.0	77.8
Some secondary	227	4.0	29.5	19.4	2.6	0.0	44.5
Sec. complete some univ	601	10.6	38.4	25.1	1.3	0.2	24.3
Univ. degree or more	600	13.3	49.7	24.8	1.2	0.0	11.0
HOUSEHOLD INCOME							
Up to 150	8	0.0	37.5	12.5	0.0	0.0	50.0
150-300	38	10.5	18.4	28.9	0.0	0.0	42.1
301-500	155	9.0	35.5	14.2	0.6	0.0	40.6
501-750	216	6.9	36.6	26.9	1.4	0.0	28.2
751-1000	282	6.7	35.1	32.3	2.5	0.4	23.0
Above 1000	684	12.4	47.4	21.6	1.2	0.0	17.4
Refusal	117	15.4	33.3	14.5	1.7	0.0	35.0
OCCUPATION							
Professionals	90	18.9	52.2	18.9	1.1	0.0	3.9
Businessmen/retailer	245	10.2	41.2	27.3	1.2	0.0	20.0
Govt. off bus. Exec.	88	26.1	46.6	17.0	3.4	0.0	6.8
White collar workers	293	9.9	43.7	25.9	2.0	0.0	18.4
Skilled workers	97	6.2	50.5	22.7	0.0	0.0	20.6
Unskilled workers	35	2.9	25.7	11.4	5.7	0.0	54.3
Housewives	330	6.1	27.0	21.2	0.0	0.0	45.8
Others	58	17.2	44.8	10.3	3.4	0.0	24.1
Not working, retired	264	9.1	43.9	26.9	1.5	0.4	18.2
RELIGION							
Hindu	1323	10.1	40.3	23.1	1.4	0.1	25.0
Muslim	54	9.3	37.0	30.3	3.7	0.0	16.7
Christian	65	6.2	55.4	20.0	0.0	0.0	18.5
Sikh	29	20.7	24.1	13.8	3.4	0.0	37.9
Others	29	20.7	34.5	24.1	0.0	0.0	20.7
CITY							
Bombay	375	14.1	42.1	24.8	1.3	0.0	17.6
Calcutta	375	5.6	38.4	29.9	2.9	0.3	22.9
Delhi	375	12.5	40.8	23.5	0.5	0.0	22.7
Madras	375	9.1	40.3	14.7	0.8	0.0	32.2

THE IMAGE OF JAPAN

	No of Respondents	Very good	Good	Neither good nor bad	Bad	Very bad	Can't say
TOTAL	1500	22.6	46.1	16.3	0.7	0.1	14.3
SEX							
Male	966	23.9	46.6	17.5	0.8	0.1	11.1
Female	534	20.2	45.1	14.0	0.6	0.0	20.0
AGE (in years)							
12 to 35	867	23.9	45.7	16.7	0.9	0.1	12.7
36 to 50	406	18.0	49.3	15.0	0.5	0.0	17.2
Above 50	227	26.0	41.9	16.7	0.4	0.0	15.0
EDUCATION							
Primary or less	72	11.1	27.8	9.7	0.0	0.0	51.4
Some secondary	227	11.0	35.2	20.7	0.9	0.0	32.2
Sec. complete/some univ	601	21.1	49.9	15.6	0.7	0.2	12.5
Univ. degree or more	600	29.8	48.5	16.0	0.8	0.0	4.8
HOUSEHOLD INCOME							
Up to 150	8	37.5	37.5	0.0	0.0	0.0	25.0
151-300	38	28.9	36.8	10.5	0.0	0.0	23.7
301-500	155	12.9	35.5	20.6	0.0	0.0	31.0
501-750	216	13.0	47.7	20.8	0.0	0.0	18.5
751-1000	282	17.4	52.8	16.3	1.1	0.4	12.1
Above 1000	684	28.5	49.6	14.3	1.0	0.0	6.6
Refusal	117	28.2	23.9	16.2	0.9	0.0	30.8
OCCUPATION							
Professionals	90	36.7	43.3	14.4	1.1	0.0	4.4
Businessmen/retailer	245	20.0	47.3	20.4	0.4	0.0	11.8
Govt./off./Bus. Exec.	88	39.8	47.7	9.1	0.0	0.0	3.4
White collar workers	293	18.8	48.8	19.8	0.7	0.0	11.9
Skilled workers	97	9.3	49.5	22.7	2.1	0.0	16.5
Unskilled workers	35	14.3	37.1	14.3	0.0	0.0	34.3
Housewives	330	19.1	42.1	12.4	0.0	0.0	26.4
Others	58	31.8	46.6	12.1	1.7	0.0	6.9
Not working, Retired	264	26.9	47.0	15.2	1.5	0.4	9.1
RELIGION							
Hindu	1323	22.1	46.3	16.5	0.8	0.1	14.4
Muslim	54	27.8	46.3	9.3	0.0	0.0	16.7
Christian	65	26.2	50.8	10.8	1.5	0.0	10.8
Sikh	29	13.8	37.9	31.0	0.0	0.0	17.2
Others	29	37.9	34.5	17.2	0.0	0.0	10.3
CITY							
Bombay	375	32.0	46.7	13.1	0.8	0.0	7.5
Calcutta	375	13.1	55.2	18.9	1.3	0.3	11.2
Delhi	375	13.9	40.0	26.1	0.0	0.0	20.0
Madras	375	31.5	42.4	16.9	0.8	0.0	18.4

INDIAN OPINION ON SUPER-POWER MOVES IN INDIAN OCEAN

New Delhi MONTHLY PUBLIC OPINION SURVEYS in English May-Jun 81, Blue Supplement pp XI-XVIII

[Text]

The Iranian Revolution and Afghanistan have changed the geopolitical complexion of the entire Gulf region. With the fall of the Shah vanished the West's central security design for this vital region. The power vacuum made West Europe's anxiety critical. Western Europe depends for 75 per cent of its energy needs on the Gulf oil. The West was virtually caught unawares and unprepared, without any contingency plans for the Shah's disappearance. The conception of 'Rapid Deployment Force' was only a reflex action, as it were: handicapped by logistical problems it could not fill the bill—certainly not in the near future. The need to ensure security of the Gulf region, in American reckoning, has acquired great urgency after the Soviet intervention in Afghanistan. Indeed, Soviet intervention has lent weight to the contention that the Soviets are out to control oil assets of the Gulf countries. Thus the Gulf region now figures prominently in the American strategic planners' priorities. The naval buildup of the super-powers in the Indian Ocean and the Gulf region, however, has made many a littoral country uneasy about the security of their own countries. India has voiced its concern in more than one international forum, for any conflict in the region would gravely affect its vital interests.

The Indian Institute of Public Opinion, while conducting its latest survey on international images, therefore, decided to elicit public opinion by including a few questions on the issues involved. The responses to these questions indicate that the Indian people

are exercised over the defence moves of the West. The respondents were asked to comment upon the increased military strength of the United States in the Indian Ocean to meet the challenge posed by the events following the overthrow of Shah of Iran and the Soviet intervention in Afghanistan. Only one in eight persons approved of the United States moves. As against this nearly two-thirds were against the United States' naval buildup in the Indian Ocean. There was hardly any differential in terms of sex, age, education and income. Citywise the disapproval of the United States action was most widespread in Calcutta (71%) and lowest in Madras (43%).

The Indian people, it seems, believe that their security would be threatened by the United States moves in the Gulf countries. Thus only 5 per cent thought that the U.S. moves would strengthen India's security, whereas a little over three-fifths thought it would threaten it 'greatly' (37%) or 'somewhat' (24%). As in the responses to the previous question, Madras is the only city which does not seem to be too concerned about the threat posed by the United States in the Indian ocean. In other cities, including Delhi 56 per cent felt that the United States' presence in the Indian Ocean could 'greatly threaten' the security of this country.

On Arming Pakistan

The United States strategists seem to have chosen Pakistan to assist in filling the vacuum

left by the Shah and have, therefore, decided to arm it to meet the threat posed by the Soviet presence in Afghanistan. Indian public opinion seems unimpressed by the U.S. reaction to the Soviet presence in a country though it is nearer home. Thus only one in eight persons accept the American rationale for arming Pakistan. On the other hand, the proportion of people who were concerned about the US move to arm Pakistan is much larger: (52 per cent 'strongly disapprove', whereas 15 per cent 'somewhat disapprove'). Citywise, the disapproval of Pakistan's rearmaments was much stronger in Delhi (66% disapprove strongly) and Bombay (59%) than in Madras (35%).

The argument that the arming of Pakistan is designed to meet the Soviet threat only does not seem to carry conviction with the Indian people. A question was asked to determine whether the American rationale that the armament of Pakistan could strengthen India's security. A little over 70 per cent of the people thought that arming of Pakistan would threaten India's security. Here again, a larger proportion of Delhi respondents (62%) felt that arming of Pakistan would 'greatly threaten' this country's security. The same view was shared by 53 per cent in Bombay and 47 per cent in Calcutta. In Madras, however, only 36 per cent thought that the arming of Pakistan would pose a great danger to India's security.

The responses to another question also brings into sharp relief the acute awareness of the threat posed to the security of this country

as well as the burden that it would entail in terms of the cost in developmental effort. Thus three in five respondents rejected the view that the armaments of Pakistan did not pose any threat to the security of India as 'it was meant to strengthen the Pakistan's defence against the Soviet presence in Afghanistan'. A large majority, on the other hand, agreed with the view: 'since Pakistan cannot take on the Soviet military might, arms acquired by it may be used against India'. As many as three-fifths of the respondents subscribed to this view. Only 15 per cent rejected this possibility. Indeed, one observes a near consensus on the implication of Pakistan's rearmament in regard to the arms race it would generate in the sub-continent: seven in ten persons thought that Pakistan's "armament drive would lead to the kind of arms race in the sub-continent that would certainly hamper India's developmental effort".

The broad conclusion that emerges from these responses is that the Indian people are too concerned about the security of their own country to think of West's interests in the Gulf Region. Somehow the Soviet presence in Afghanistan is viewed with less concern than is the Western presence. The explanation is, of course, that uncertainty on Pakistan's military intentions still persist, particularly in North India. This points to the need of reducing distrust between India and Pakistan. The fears of U.S.A. or USSR operations in the Gulf would, it seems, disappear if Pakistan's armour were not considered a potential threat to India: apparently Pakistan continues to fear Indian armour in the same way.

As you may know, following such events of recent years as the overthrow of Iran's Shah and the introduction of Soviet military forces into Afghanistan, the U. S. has increased its military strength in the Indian ocean region. Do you strongly approve, somewhat approve, somewhat disapprove or strongly disapprove of the U. S. action

(Percentages)

	No of Respon- dents	Strongly approve	Somewhat approve	Somewhat dis- approve	Strongly dis- approve	Don't know	No answer
TOTAL	1500	5.4	7.8	16.7	46.7	17.7	5.7
SEX							
Male	966	7.1	8.1	17.0	52.8	10.2	4.8
Female	534	2.2	7.3	16.3	35.8	31.1	7.3
AGE							
21 to 35	868	6.8	9.1	16.8	45.0	16.2	6.3
36 to 50	405	3.5	6.7	17.0	47.2	22.0	3.7
Above 50	227	4.8	4.8	15.9	52.4	15.4	6.6
EDUCATION							
Primary or less	73	-	1.4	5.5	20.5	64.4	8.2
Some secondary	227	2.2	2.2	10.1	36.1	38.3	11.0
Secondary Completed or some university	601	5.8	8.3	18.6	48.1	13.6	5.5
University degree or more	599	6.8	10.2	18.7	52.6	8.3	3.5
HOUSEHOLD INCOME (Monthly in Rs.)							
Upto 150	8	12.5	-	-	25.0	37.5	25.0
151 - 303	38	5.3	7.9	13.2	26.3	34.2	13.2
304 - 500	155	1.9	2.6	18.7	36.1	31.0	9.7
501 - 750	215	3.7	4.2	19.5	46.5	22.3	3.7
751 - 1000	281	6.8	5.3	12.8	50.9	17.4	6.8
Above 1000	685	5.4	11.7	18.5	49.8	11.8	2.8
Refusal	118	9.3	5.1	10.2	41.5	19.5	14.4
CITY							
Bombay	375	4.5	10.1	12.0	56.5	14.7	2.1
Calcutta	375	4.5	5.9	22.7	48.0	15.5	3.5
Delhi	375	4.0	3.2	9.3	60.0	16.5	6.9
Madras	375	8.5	12.0	22.9	22.4	31.1	20.4

In the light of this changed overall situation in countries to the West of India, in what way—if at all—would you expect the increased U. S. presence in the Indian Ocean to affect India's security? Will the U. S. presence greatly strengthen India's security, somewhat strengthen it, have no effect on India's security, or greatly threaten India's security.

(Percentages)

	No of Respon- dents	Greatly streng- then	Strengthen Somewhat	Have no effect	Somewhat threaten	Greatly threaten	Don't know	No answer
TOTAL	1500	1.7	3.5	11.9	24.1	36.7	15.5	6.7
SEX								
Male	966	2.3	2.9	13.0	26.9	40.4	9.9	4.6
Female	534	0.6	4.7	9.7	18.9	30.0	25.5	10.7
AGE								
21 to 35	868	1.6	3.8	13.6	23.6	35.8	14.6	6.9
36 to 50	405	1.5	4.0	9.6	23.7	36.3	18.3	6.7
Above 50	227	2.2	1.8	9.3	26.4	40.5	13.7	6.2
EDUCATION								
Primary or less	73	—	1.4	5.5	5.5	19.2	57.5	11.0
Some secondary	227	—	2.6	6.7	14.1	29.5	29.1	18.9
Secondary completed or some university	601	1.3	3.5	12.6	23.3	40.4	13.1	5.7
University degree or more	599	2.8	4.2	14.2	30.9	37.7	7.5	2.7
HOUSEHOLD INCOME (Monthly in Rs.)								
Upto 150	8	—	—	12.5	25.0	12.5	12.5	37.5
151 - 300	38	—	5.3	13.2	13.2	21.1	28.9	18.4
301 - 500	135	0.6	—	8.4	24.5	27.7	27.7	11.0
501 - 750	215	1.9	1.9	7.9	23.7	39.1	20.9	4.7
751 - 1000	281	1.1	3.6	10.0	23.5	39.9	16.0	6.1
Above 1000	685	1.9	5.3	14.2	28.6	38.1	9.5	4.5
Refusal	118	3.4	0.8	14.4	14.4	34.7	18.6	13.6
CITY								
Bombay	375	1.3	6.7	16.3	20.5	38.7	14.4	2.1
Calcutta	375	1.9	3.5	6.4	34.1	35.2	16.0	2.9
Delhi	375	0.5	1.3	2.9	17.6	56.0	14.4	7.2
Madras	375	2.9	2.7	21.9	24.0	16.8	17.1	14.7

With Soviet forces now nearly in Afghanistan, some people say the U. S. should provide arms to Pakistan as a check against possible Soviet threats against Pakistan and the nations of the Pakistan Gulf region. Do you strongly approve, somewhat approve, somewhat disapprove, or strongly disapprove of the U. S. providing weapons to Pakistan?

	(Percentages)						
	No of Respondents	Strongly approve	Somewhat approve	Somewhat disapprove	Strongly disapprove	Don't know	No answer
TOTAL	1500	4.5	9.6	14.7	52.5	14.1	4.6
SEX							
Male	966	5.5	10.7	13.6	56.3	9.9	4.0
Female	534	2.8	7.7	16.9	45.7	21.5	5.4
AGE							
21 to 35	868	5.9	10.4	16.0	49.5	13.5	4.7
36 to 50	405	2.5	8.4	12.6	55.3	16.3	4.9
Above 50	227	3.1	8.8	13.7	59.0	12.3	3.1
EDUCATION							
Primary or less	73	-	5.5	9.6	30.1	50.7	4.1
Some Secondary	227	1.3	4.0	11.0	44.5	28.2	11.0
Secondary completed or some university	601	3.8	8.7	17.0	54.9	11.3	4.3
University degree or more	599	7.0	13.2	14.5	55.9	7.0	2.3
HOUSEHOLD INCOME (Monthly in Rs.)							
Up to 150	8	-	-	12.5	37.5	12.5	37.5
151 - 300	38	5.3	5.3	26.3	28.9	26.3	7.4
301 - 500	155	0.6	6.5	16.8	41.9	27.7	6.5
501 - 750	215	1.7	7.4	13.5	54.4	19.5	3.7
751 - 1000	281	2.1	12.1	14.2	53.0	13.5	5.0
Above 1000	685	6.3	10.9	15.6	56.6	7.7	2.6
Refusal	118	11.0	5.9	6.8	45.8	20.3	10.2
CITY							
Bombay	375	6.7	13.1	11.2	59.2	8.5	1.3
Calcutta	375	2.4	8.3	20.5	49.9	16.3	2.7
Delhi	375	1.9	3.7	8.3	65.9	13.9	6.4
Madras	375	7.2	13.3	18.9	35.2	17.6	7.7

How, if at all, would you say that American arms designed to strengthen Pakistan against possible Soviet pressures and threats might affect India's security? Will providing the weapons greatly strengthen India's security, somewhat strengthen or have no effect on India's security, somewhat threaten India's security, or greatly threaten India's security?

(Percentages)

	No of Respondents	Greatly Strengthen	Somewhat strengthen	Have no effect	Somewhat threaten	Greatly threaten	Don't know	No answer
TOTAL	1500	1.3	1.8	7.3	22.4	49.6	11.3	6.1
SEX								
Male	966	1.6	1.6	8.8	23.8	51.7	8.0	4.7
Female	534	0.7	2.2	5.1	19.9	45.9	17.4	8.8
AGE								
21 to 35	868	1.3	2.1	8.2	22.1	49.4	10.9	6.1
36 to 50	405	1.5	1.7	6.4	22.2	47.9	13.1	7.2
Above 50	227	1.3	0.9	6.6	23.8	53.3	9.7	4.4
EDUCATION								
Primary or less	73	—	—	2.7	17.8	26.0	42.3	11.0
Some secondary	227	0.9	1.3	2.2	16.7	37.4	21.1	18.1
Secondary completed or some university	601	1.0	1.3	9.0	21.6	52.4	9.2	4.5
University degree or more	599	1.8	2.7	8.5	25.9	52.4	6.0	2.7
HOUSEHOLD INCOME (Monthly in Rs.)								
Upto 150	8	—	—	—	—	25.0	—	75.0
151—300	38	—	—	13.2	21.1	28.9	18.4	18.4
301—500	155	—	0.6	3.2	20.6	40.6	24.5	10.3
501—750	215	0.5	1.4	5.6	19.5	53.5	14.0	5.6
751—1000	281	0.7	1.8	7.5	21.0	51.2	12.5	5.3
Above 1000	685	1.9	2.6	8.9	25.3	53.9	5.1	2.9
Refusal	118	2.5	—	6.8	18.6	39.0	19.3	13.6
CITY								
Bombay	375	2.1	1.9	11.5	24.3	52.3	6.7	0.8
Calcutta	375	1.1	3.2	5.1	27.7	47.2	11.7	4.0
Delhi	375	0.5	1.1	1.6	11.2	62.1	14.4	9.1
Madras	375	1.3	1.1	11.7	26.4	36.3	12.5	10.7

With which of the following statements do you agree?

- A. Pakistan's armament drive would generate an arms race in the sub-continent that would hamper India's development effort.
- B. Pakistan's armament programme poses no threat to our security as it is meant to strengthen its defences against the Soviet presence in Afghanistan.
- C. Since Pakistan cannot take on the Soviet Military might, arms acquired by it may be used against India.

	No. of Respondents	A			B			C		
		Agree	Disagree	Can't say	Agree	Disagree	Can't say	Agree	Disagree	Can't say
TOTAL	1500	62.3	14.06	23.1	16.4	38.4	25.2	71.2	6.5	22.8
Male	966	67.6	15.8	16.6	19.5	61.3	19.3	74.3	7.5	18.2
Female	534	52.6	12.4	35.0	10.9	53.2	65.0	68.5	4.9	29.6
AGE (in years)										
21 to 35	867	63.2	13.8	23.0	17.6	57.1	23.3	70.5	6.9	22.6
33 to 50	406	57.9	17.0	25.1	14.5	57.6	27.8	69.0	6.7	24.4
Above 50	227	66.5	13.2	20.3	18.0	64.8	20.3	78.0	4.8	17.2
EDUCATION										
Primary or less	72	36.1	5.6	58.3	4.2	31.9	63.9	48.8	2.8	81.4
Some secondary	227	41.9	8.4	49.8	11.9	42.3	45.8	69.0	1.8	39.2
Secondary completed or some university	601	64.9	13.8	21.3	17.6	59.4	23.0	72.5	6.7	20.8
University degree or more	600	70.5	18.8	10.7	18.3	66.7	15.0	77.5	8.7	13.8
INCOME (Monthly in Rs.)										
Up to 150	8	50.0	0.0	50.0	0.0	50.0	50.0	37.5	12.5	50.0
151 to 300	34	47.4	7.9	44.7	5.1	50.0	44.7	52.6	5.3	42.1
301-500	155	53.5	7.7	38.7	19.4	43.9	36.8	63.9	1.3	34.8
501-750	216	61.6	9.3	29.2	10.2	59.7	30.1	65.3	6.0	28.7
751-1000	282	62.1	12.1	25.9	13.1	61.0	25.9	70.9	3.9	25.2
Above 1000	484	70.0	17.7	12.3	17.0	66.2	16.1	79.7	8.8	11.5
Refusal	117	35.9	24.8	39.3	33.3	26.5	40.2	51.3	7.7	41.0
OCCUPATION										
Professionals	90	67.8	25.6	6.7	22.3	65.6	12.2	73.3	16.7	10.0
Businessmen	245	62.9	11.0	26.1	17.1	51.0	31.8	66.1	6.1	27.8
and retail traders	88	68.2	19.3	12.5	15.9	69.3	14.8	75.0	8.0	17.0
White collar workers	293	65.5	18.1	16.4	22.9	61.1	16.0	77.8	4.1	18.1
Skilled workers	97	68.0	10.0	21.6	9.3	64.9	25.8	69.1	8.2	22.7
Unskilled workers	35	74.3	0.0	25.7	11.4	65.7	22.9	82.9	0.0	17.1
Housewives	330	49.1	10.0	40.9	7.6	30.0	42.4	62.7	3.6	33.6
Others	58	69.0	17.2	13.8	17.2	67.2	15.5	81.0	3.4	15.5
Not working-retired/	264	65.5	17.4	17.0	20.8	61.4	17.8	74.2	10.2	15.5
RELIGION										
Hindu	1323	62.1	14.4	23.6	16.2	58.0	25.8	71.2	5.9	24.4
Muslim	54	63.0	14.8	22.2	13.0	57.4	29.6	64.8	11.1	24.1
Christian	65	60.0	18.5	21.5	18.3	60.0	21.5	56.9	15.4	27.4
Sikh	29	62.1	24.1	13.1	27.6	58.6	13.8	86.2	3.4	10.3
Others	29	75.9	6.9	17.2	17.2	72.4	10.3	79.3	10.3	10.3
CITY										
Bombay	375	77.9	14.7	7.3	20.5	61.3	18.1	77.6	11.7	10.7
Calcutta	375	59.7	81.5	58.8	4.0	65.9	30.1	75.6	4.0	22.4
Delhi	375	60.3	17.6	22.1	30.4	48.0	21.6	73.9	2.1	24.0
Madras	375	51.2	14.7	34.1	10.7	58.4	30.9	50.7	8.5	32.0

A. Do you think the Cold War has come nearer to Indian borders?

B. What, in your opinion, should be India's response to this threat?

(Percentages)

	No. of Respondents	A			B			
		Yes	No	Can't say	Further strengthening of our defence preparedness	Work for vacation of Super Power presence in the region	Others	Can't say
TOTAL	1500	45.1	13.9	20.9	48.4	13.9	2.4	35.3
SEX								
Male	966	58.7	15.2	16.0	50.3	15.1	3.0	31.6
Female	534	38.6	11.6	29.8	44.9	11.8	1.3	41.9
AGE (in years)								
21 to 35	867	64.9	13.6	21.5	47.8	14.0	2.1	36.2
36 to 50	406	62.1	14.3	23.6	46.5	12.8	2.3	38.2
Above 50	227	71.4	14.5	14.1	54.2	15.9	3.5	26.4
EDUCATION								
Primary or less	72	30.6	11.1	58.3	23.6	6.9	0.0	69.4
Some Secondary	227	51.3	10.1	28.6	37.5	11.9	2.6	48.0
Secondary Completed or some University	601	67.7	11.8	20.5	53.1	13.3	1.7	31.9
University degree or more	600	71.2	17.8	11.0	50.8	16.2	3.3	29.7
INCOME (Monthly in Rs)								
Upto 150	8	62.5	0.0	37.5	50.0	0.0	0.0	50.0
151 to 300	38	42.1	21.1	36.8	36.8	5.3	0.0	57.9
301 to 500	155	49.0	7.1	43.9	35.5	10.3	0.0	54.2
501 to 750	216	69.0	9.7	21.3	50.9	14.4	1.9	32.9
751 to 1000	282	66.3	13.8	19.9	48.0	14.5	2.8	34.7
Above 1000	684	69.6	16.7	13.7	51.5	12.9	2.9	30.0
Refusal	117	58.1	13.7	28.2	49.1	26.5	3.4	41.0
OCCUPATION								
Professionals	90	63.3	25.6	11.1	52.2	7.8	1.1	38.9
Businessmen and retail traders	245	66.9	12.2	20.8	51.4	12.7	1.2	34.7
Government officials and business executives	88	65.9	22.7	11.4	46.3	15.9	5.8	30.7
White collar workers	293	68.3	16.0	15.7	44.4	20.3	3.4	31.7
Skilled workers	97	61.9	10.3	25.8	43.4	16.5	3.1	35.1
Unskilled workers	35	65.7	8.6	25.7	51.4	14.3	0.0	34.3
Housewives	330	53.9	10.9	35.3	39.1	12.1	0.7	47.9
Others	58	73.9	8.6	15.5	83.5	10.3	1.7	22.4
Not working—retired/unemployed	264	72.3	13.6	14.0	58.0	11.4	3.4	27.3
RELIGION								
Hindu	1323	65.8	13.5	20.7	49.8	14.1	2.2	34.7
Muslim	54	61.1	13.0	25.8	38.9	20.4	3.6	37.2
Christian	65	58.5	20.0	21.5	44.6	9.2	3.1	43.1
Sikh	27	69.0	10.3	20.7	51.7	17.2	2.4	29.6
Others	29	51.7	27.6	20.7	44.8	0.0	3.9	51.7
CITY								
Bombay	375	66.9	21.1	12.0	48.0	16.5	3.7	31.7
Calcutta	375	69.9	12.8	17.3	55.2	7.2	5.1	32.5
Delhi	375	66.9	8.8	24.3	39.7	25.9	0.3	34.1
Madras	375	56.8	13.1	30.1	50.7	6.1	0.5	42.7

SURVEYS ON NAM; FOREIGN ECONOMIC ASSISTANCE

New Delhi MONTHLY PUBLIC OPINION SURVEYS in English May-Jun 81, Blue Supplement pp XIX-XXIV

[Article: "The Non-Aligned Movement: Popular Perception of Its Role"]

[Text]

The Non-aligned movement has come a long way since the halcyon days of Nehru-Nasser-Tito era. No longer do the leaders speak in the same strident voice that carried moral authority in the councils of the world. Its membership has multiplied several times since then. But the numbers have failed to lend it commensurate strength, as a matter of fact the movement's numerical strength has tended to make it a little unwieldy, and prone to divisiveness. Indeed with passing years the division in its ranks have become distinctly marked: with the two 'Soviet-leaning' and 'Pro-West' groups at two extremes and the 'traditional' non-aligned countries holding the balance. As a result the movement seems to be losing its thrust, perhaps for the same reason India which not long ago virtually led the movement cannot claim the decisive leverage for it is becoming increasingly difficult to carry along countries whose perspective and perceptions of International issues tend to be super power oriented. The Non-aligned Conference held this year in Delhi has brought these hard realities into sharp focus.

The present survey was carried out shortly after this Conference. A few questions were therefore asked on the state of the Non-aligned movement in general and India's role. The results indicate that a sizeable proportion of the informed segment of the Indian people is aware of the weakening of the Non-aligned movement.

It is a measure of Indian people's interest in international affairs that 55 per cent of the literate segment had either heard or read about the Non-aligned Conference; among graduates the awareness was shared by seven in ten. From the responses to the relevant question, one can safely conclude that a majority of the informed segment of the

Indian people is convinced that the Non-aligned movement has weakened over the last few years. Thus of the 44 per cent who expressed an opinion on the question, 26 as against 18 per cent, agreed with the view that the movement has lost its momentum. There are no significant demographic differentials on this score except that among the higher educated and informed sections, a larger majority expressed their views.

As regards India's weight in the movement, the opinion is virtually equally divided. Thus whereas 21 per cent thought that India's voice now carries less weight in the non-aligned movement, 23 per cent challenged this contention.

In the Non-aligned Conference held in New Delhi, many a political analyst and commentator observed that India was isolated on Afghanistan and Kampuchea. The Government of India denied this contention. The responses to the relevant question, however, indicate that a majority of those who expressed an opinion on the question held the view that this country was indeed isolated in the conference. Thus 22 per cent agreed with the view that on the questions of Afghanistan and Kampuchea, India could not carry a majority of the Non-aligned countries. 15 per cent, on the other hand, did not accept this assertion of India's diminishing role in the Non-aligned movement.

The broad conclusion that emerges from these findings is that the Indian people are not prone to wish away the unpleasant realities even when it comes to this country's prestige. They seem to have accepted the hard fact that not only has the non-aligned movement weakened and lost its thrust, but India's capacity to carry along the majority of the countries in the movement of which it has been leader by consensus, has been seriously impaired.

A. Have you heard or read about the Non-aligned Conference held in New Delhi in February last?

B. Do you think the Non-aligned movement has weakened over the last few years?

(Percentages)

	No. of Respondents	A		B		
		Yes	No	Yes	No	Can't say
TOTAL	1500	55.1	44.2	26.4	17.7	55.9
SEX						
Male	966	67.8	32.2	33.5	21.1	45.3
Female	534	32.2	67.8	13.5	11.4	75.1
AGE (in years)						
21 to 35	867	54.0	46.0	25.0	16.3	58.7
36 to 50	406	54.2	45.8	27.8	21.2	51.0
Above 50	227	61.2	38.8	29.1	16.7	54.2
EDUCATION						
Primary or less	72	9.7	90.3	1.4	2.8	95.8
Some secondary	227	30.0	70.0	7.5	10.6	81.9
Secondary completed or some university	601	51.9	48.1	23.8	15.5	60.7
University degree or more	600	73.3	26.7	39.2	24.3	36.5
INCOME (Monthly in Rs.)						
Up to 150	8	12.5	87.5	12.5	0.0	87.5
151 to 300	38	31.6	68.4	5.3	13.2	81.6
301 to 500	155	41.9	58.1	11.0	7.7	81.3
501 to 750	216	48.1	51.9	23.6	14.4	62.0
751 to 1000	282	57.1	42.9	24.5	22.0	53.5
Above 1000	684	63.0	37.0	34.6	19.2	46.2
Refusal	117	45.3	54.7	16.2	20.5	63.3
OCCUPATION						
Professionals	90	81.1	18.9	48.9	28.9	22.2
Businessmen and retail traders	245	59.6	40.4	27.3	18.0	54.7
Government officials and business executives	88	86.4	13.6	55.7	18.2	26.1
White collar workers	293	67.2	32.8	34.8	20.5	44.7
Skilled workers	97	57.7	42.3	18.6	22.7	58.8
Unskilled workers	35	34.3	65.7	8.6	5.7	85.7
Housewives	330	23.9	76.1	10.0	9.7	80.3
Others	58	63.8	36.2	20.7	27.6	51.7
Not working—retired/unemployed	264	57.2	42.8	25.8	17.8	56.4
RELIGION						
Hindu	1323	56.0	44.0	26.8	17.8	55.4
Muslim	54	37.0	63.0	24.1	9.3	66.7
Christian	63	55.4	44.6	21.5	18.5	60.0
Sikh	29	41.4	58.6	17.2	13.8	69.0
Others	29	62.1	37.9	34.5	27.6	37.9
CITY						
Bombay	375	46.9	53.1	31.5	14.7	53.9
Calcutta	375	41.3	58.7	29.6	24.3	46.1
Delhi	375	58.9	41.1	16.8	19.2	64.0
Madras	375	53.3	46.7	27.7	12.5	59.7

A. Do you think India's voice now carries less weight in the Non-aligned Movement?

B. Do you agree with view that India was isolated in the recent Non-aligned Conference especially on Afghanistan and Kampuchea?

	No. of Respondents	A			B		
		Yes	No.	Can't say	Yes	No	Can't say
TOTAL	1500	20.7	22.9	56.1	21.8	15.2	63.0
SEX							
Male	966	27.8	27.5	44.6	29.0	18.7	52.3
Female	534	7.7	14.6	77.7	8.8	8.8	82.9
AGE (in years)							
21 to 35	867	19.1	21.5	59.4	21.3	21.5	66.2
36 to 50	406	21.9	24.6	53.4	21.4	18.2	60.3
Above 50	227	24.2	25.6	50.2	24.2	20.3	55.5
EDUCATION							
Primary or less	72	2.8	4.2	93.1	1.4	4.2	94.4
Some secondary	227	7.9	10.1	81.9	7.9	7.0	85.0
Secondary completed or some university	601	17.5	20.6	61.9	16.8	14.5	68.7
University degree or more	600	30.8	32.3	36.8	34.5	20.3	45.2
INCOME (Monthly in Rs)							
Up to 150	8	12.5	0.0	87.5	0.0	0.0	100.0
151 to 300	38	0.0	13.2	86.8	13.5	7.1	92.4
301 to 500	155	15.5	7.1	77.4	13.5	7.1	79.4
501 to 750	216	20.4	15.7	33.9	22.7	8.3	69.0
751 to 1000	282	21.6	27.3	51.1	22.3	18.1	59.6
Above 1000	684	25.3	27.8	46.9	26.3	19.3	54.4
Refusal	117	6.0	23.1	70.9	11.1	12.0	76.9
OCCUPATION							
Professionals	90	34.4	42.2	23.3	36.7	23.3	40.0
Businessman and retail traders	245	28.6	15.9	55.5	26.5	14.3	59.2
Government officials and business executives	88	39.8	36.4	23.9	40.9	20.5	38.6
White collar workers	293	29.0	26.3	44.7	30.4	17.7	51.9
Skilled workers	97	14.4	28.9	56.7	14.4	19.6	66.0
Unskilled workers	35	5.7	11.4	82.9	8.6	0.0	91.4
House wives	330	4.8	11.5	83.6	7.0	6.7	86.4
Others	58	13.8	29.3	56.9	22.4	17.2	60.3
Not working—retired/unemployed	264	18.6	26.9	59.5	19.3	19.3	61.4
RELIGION							
Hindu	1023	21.3	22.4	56.3	22.4	15.2	62.4
Muslim	54	14.8	20.4	64.8	16.7	11.1	72.2
Christian	65	10.8	32.3	56.9	13.8	13.8	72.3
Sikh	29	20.7	20.7	58.6	20.7	13.8	65.5
Others	29	23.1	34.5	41.4	20.7	27.6	51.7
CITY							
Bombay	375	21.1	32.3	54.7	21.3	11.7	66.9
Calcutt	375	26.7	27.5	45.9	28.3	25.9	45.9
Delhi	375	17.1	16.0	66.9	18.1	10.9	70.9
Madras	375	16.8	25.1	58.1	19.5	12.3	68.3

Foreign Economic Assistance: Pragmatic Approach

The crisis currently afflicting the economies of the West seems to have impaired the capacity of the advanced countries to provide economic assistance to the less developed countries. One observes a kind of reluctance to channelise funds through multi-lateral agencies. The Reagan Administration at least does not make any bones about it: it would rather go in funding through private enterprises on bilateral basis. As a result the economic problems of the less developed countries have been further aggravated. In India too the impact of this worldwide crisis has been registered. The loan it has sought from IMF is an index of this impact. The balance of payment crisis has acquired disturbing dimensions.

How has the changed international economic perspective affected people's attitudes to foreign economic assistance? Do people tend to disdainfully dismiss away foreign economic assistance as of no consequence? Do they share the views of have-not countries that the developed countries "owe necessary economic assistance to them" that they are helped in achieving their developmental goals. Would they still insist upon government at foreign economic assistance or are they willing to go in for commercial loans? These were some of the questions on which public opinion was elicited in the current survey.

The broad picture that emerges the survey finding is one of the people who believe that the developed countries owe to have-nots the requisite assistance to enable them to move towards economic development but at the same time they place heavy premium on economic self-reliance. Thus 45 per cent sub-

scribe to the view that the developed countries must 'share the responsibility' to help the less developed ones. As against this 41 per cent would prefer the 'developing countries to look after themselves' without waiting for the helping hand from advanced countries.

Contrary to the popular belief the Indian people, on survey evidence, do not show any preference for government to government economic aid. In fact the proportion who would go in for 'commercial loans' is almost three times larger (61%) than that opting for 'government foreign assistance' (21%).

The responses to another question designed to ascertain the type of assistance the people think would enable the under-developed countries to achieve development clearly indicate that the Indian people would not like to receive doles to tide over economic difficulties: the emphasis is clearly on foreign assistance that in the long run should help the people to attain self-reliance. Thus only one in four persons opted for the suggestion that the advanced countries should 'provide food products when shortage occur'. A large majority, on the other hand would go in for measures that should enable the people in the less developed countries to help themselves: Thus a little over one-third (35%) would like 'people from less developed countries to study in developed countries'. About one-fifth thought that if the developed countries provided funds to 'local people to study ways and means to solve their own problems', the goal of development would be easier to achieve. About the same proportion would like advanced countries to 'provide technical know-how at no cost basis'.

- A. Are you in favour of foreign assistance from Governments would you prefer commercial loans such as from the world Bank's institutions or International Banks?
- B. Do you feel that the problems of the under developed countries of the world are their own responsibility, or do do you feel that the developed countries must share in this responsibility.

	No of Respondents	Foreign Assistance	Commercial loans	Can't say	Under developed must look after themselves	Developed must share responsibility	Don't know
TOTAL	1500	20.8	60.7	18.1	40.7	45.0	14.3
SEX							
Male	966	22.4	64.8	12.8	41.7	45.3	12.9
Female	534	18.0	53.2	28.8	39.0	44.4	16.7
AGE (in years)							
12 to 35	867	20.5	61.2	18.2	41.9	43.5	14.6
36 to 50	406	21.2	59.6	19.2	36.9	48.0	15.0
Above 50	227	21.1	60.4	18.5	43.2	45.4	11.5
EDUCATION							
Primary or less	72	9.7	31.9	58.3	30.6	36.1	33.3
Some secondary	227	20.3	44.1	35.7	42.3	32.2	25.6
Sec. complete/some univ	601	20.1	62.7	17.1	41.6	43.4	15.0
Univ. degree or more	600	23.0	68.3	8.1	40.5	52.5	7.0
HOUSEHOLD INCOME							
Up to 150	8	12.5	37.5	50.0	25.0	25.0	50.0
151-300	38	10.5	50.0	39.5	26.3	36.8	36.8
301-500	155	21.3	46.5	32.3	36.8	35.5	27.7
501-750	216	25.0	52.3	22.7	43.1	35.6	21.3
751-1000	282	27.0	55.3	17.7	41.5	44.3	14.2
Above 1000	684	18.9	68.9	12.3	44.0	50.1	5.8
Refusal	117	12.8	65.0	22.1	26.5	50.4	23.1
OCCUPATION							
Professionals	90	15.6	71.1	13.3	30.0	65.6	4.4
Businessmen/retailer	245	20.8	60.4	18.8	47.7	31.8	20.8
Govt. off/Bus. Exec.	88	22.7	72.7	4.5	33.0	63.6	3.4
White collar workers	293	27.3	63.5	9.2	72.2	51.2	11.6
Skilled workers	97	18.6	66.0	15.5	35.1	47.0	17.5
Unskilled workers	35	20.0	54.3	25.7	45.7	31.4	22.9
Housewives	330	18.2	44.5	37.3	38.5	39.7	21.8
Others	58	12.1	48.5	3.4	46.6	51.7	1.7
Not working, Retired	264	20.8	64.0	15.2	47.7	43.2	9.1
RELIGION							
Hindu	1323	20.1	61.6	18.3	41.3	44.2	14.4
Muslim	54	37.0	42.6	20.4	44.4	38.9	16.7
Christian	65	18.5	60.0	21.5	21.5	63.1	15.4
Sikh	29	20.7	55.2	24.1	48.3	44.8	6.9
Others	29	27.6	58.6	13.8	41.4	51.7	6.9
CITY							
Bombay	375	27.5	58.7	13.9	58.7	35.7	5.6
Calcutta	375	17.1	65.1	17.9	40.3	40.8	18.9
Delhi	375	20.3	64.3	15.5	36.5	50.9	12.5
Madras	375	18.4	54.7	26.9	27.5	52.0	20.0

If assistance is to be provided how, in your opinion, should it be done? Here are some suggestions. Would you tell me which one or once you think are most appropriate and in the long run can actually achieve development?

(Percentages)

	No. of Respondents	Provide food Products when shortages occur	Provide funding for local people to study wages and means of helping them solve their own problems	Send people from less developed countries to study in developed countries	Send in a team of experts to make recommendations for developing the country	Export food and other necessities to these less developed countries at cost	Provide at no cost technical know-how developed in the Western world	Don't know
TOTAL	1500	25.1	27.0	35.5	15.5	5.7	25.2	14.4
SEX								
Male	966	23.8	26.3	35.6	15.4	5.9	26.3	11.8
Female	534	27.3	28.3	35.2	15.7	5.4	22.8	19.1
AGE (in years)								
21 to 35	867	23.9	26.2	35.2	14.3	5.9	24.9	13.5
36 to 50	406	27.1	27.1	36.2	16.5	4.4	25.1	16.5
Above 50	227	26.0	30.0	35.2	19.8	7.5	25.6	15.0
EDUCATION								
Primary or less	72	30.6	19.4	22.2	6.9	3.6	11.1	44.4
Some Secondary	227	32.2	22.5	31.3	14.5	5.3	15.4	29.1
Secondary Completed or some University	601	22.8	28.3	36.6	14.5	6.5	24.8	11.1
University degree or more	600	24.0	28.3	37.5	18.0	5.2	30.7	6.5
INCOME (Monthly in Rs)								
Upto 150	8	50.0	25.0	12.5	12.5	0.0	12.5	25.0
151 to 300	38	39.5	39.5	50.0	18.4	5.3	5.3	18.4
301 to 500	155	29.0	29.7	32.3	9.7	5.2	17.4	21.3
501 to 750	218	27.8	25.5	31.0	10.6	6.0	19.4	20.4
751 to 1000	282	23.0	28.7	34.8	15.6	6.4	19.1	16.0
Above 1000	684	25.1	27.8	36.5	19.2	6.6	34.4	8.9
Refusal	117	12.8	13.7	40.2	10.3	0.0	12.8	20.5
OCCUPATION								
Professionals	90	32.2	26.7	50.0	16.7	8.9	40.0	6.7
Businessmen and retail traders	245	23.7	13.9	35.5	9.0	4.5	21.6	23.7
Government officials and business executives	88	18.2	35.2	28.4	14.8	9.1	37.5	2.3
White collar workers	293	19.5	29.4	39.9	17.1	4.4	26.3	5.8
Skilled workers	97	30.9	27.8	32.0	17.5	1.0	24.7	17.5
Unskilled workers	35	40.0	17.1	31.4	11.4	5.7	17.1	20.0
Housewives	330	27.6	26.4	32.1	16.7	6.1	20.0	25.5
Others	58	24.1	34.5	51.7	20.7	12.1	29.3	5.2
Not working—retired/unemployed	264	25.4	34.1	37.1	17.0	6.1	24.2	8.3
RELIGION								
Hindu	1323	25.6	26.4	36.4	15.8	5.4	24.3	14.4
Muslim	54	18.5	37.0	20.4	13.0	7.4	35.2	20.4
Christian	65	21.5	30.8	33.8	12.3	1.5	26.2	12.3
Sikh	29	13.8	24.1	31.0	13.7	10.3	17.2	13.8
Others	29	31.0	31.0	31.0	20.7	14.1	44.8	6.9
CITY								
Bombay	375	15.7	22.4	21.9	12.3	8.3	46.9	13.9
Calcutta	375	32.5	29.9	20.5	19.2	5.1	24.8	23.7
Delhi	375	13.6	9.6	47.7	4.5	3.2	14.4	9.3
Madras	375	38.4	46.1	51.7	26.1	6.4	14.1	10.7

CRITICAL PAYMENT GAP; EXPORT PROJECTIONS

New Delhi MONTHLY COMMENTARY ON INDIAN ECONOMIC CONDITIONS in English No 12, Jul 81, Blue Supplement pp I-XII

[Article: "The Outlook for Indian Exports 1981-1985"]

[Text] 1. India's Critical Payments Gap: 1980-81

The figures recently released reveal that India's overall balance of trade in merchandise in 1980-81 was adverse to the extent of Rs. 5,535 crores and has naturally produced alarm and intense pessimism on the possibility of overcoming the current payments crisis. There is no need to underestimate the current crisis, particularly in terms of the stagnation of Indian exports (and re-exports) and the strident rise in imports in the year 1980-81. In fact exports at the level of Rs. 6,675 crores (partially revised figure), but now raised nearer to Rs. 7,100 crores, are Rs. 5,100 crores short of imports which are placed at Rs. 12,210.16 crores (also a partially revised estimate). Both the stagnation of exports, which have shown virtually no rise for two years, and the rise in imports look like presenting an enduring picture. If India had not had the exceptional good fortune on her 'invisible' exports in 1980-81 and if she had no recourse to the IMF facility that year the payments crisis would have been almost as severe as the trade gap.

Details of the course of events for the whole decade are shown in Table I. It will be seen that we have not, until 1979-80, had a very severe balance of trade gap. In 1979-80 the revised figure was Rs. 2,449.12 crores but this is less than half the latest figure for 1980-81. In other words, there must have been special factors which have operated in the last two years. These are not difficult to seek, since most of the rise in imports was due to the payments made to OPEC for crude oil and for petroleum products. From April to December

1980, crude oil imports were of the value of Rs. 2,302 crores and petroleum products of the order of Rs. 1,271 crores, or Rs. 3,573 crores together. For the full year 1980-81, the figure of crude oil and petroleum products imports was over Rs. 5,500 crores against only Rs. 1,681.16 crores in 1978-79 and Rs. 3,211.90 crores in 1979-80 (Table II).

As indicated earlier gross invisible receipts have provided a windfall. The figure has risen from 2806.7 crores in 1977-78 to Rs. 4,467 crores in the calendar year 1980 (Table III). This last figure was much higher than the 1979-80 figure of Rs. 3,071 crores. There was thus a happy saving grace on the invisible side, while the merchandise side showed an alarming deterioration both ways; stagnation of exports and a sharp rise of imports.

In the net result with aid in 1980-81 of the order of perhaps Rs. 3,500 crores including repayments and the additional 'payment' net proceeds of about Rs. 1,400 crores, Rs. 4,500 of the Rs. 5,500 crores in the balance of trade was overcome by payments advantages. However, India's foreign exchange resources fell in 1980-81 from about Rs. 5,422 crores at the end of 1979-80 to Rs. 4,617 crores at the end of 1980-81. The fall is continuing in 1981-82 (see Table IV) and the question arises as to how severe the condition might be in 1981-82 and 1982-83.

The rest of this Blue Supplement is devoted to one side of this (alarming) picture, namely,

TABLE I

India's Overall Balance of Trade (Merchandise) 1970-71 to 1981

(Rs. Crores)			
Year/Period	Imports (-)	Exports (including re-exports) (+)	Balance of Trade (Merchandise)
1970-71	1,634.20	1,535.16	- 99.04
1971-72	1,824.54	1,608.22	- 216.32
1972-73	1,867.44	1,970.83	+ 103.39
1973-74	2,955.37	2,523.40	- 431.97
1974-75	4,518.78	3,328.83	- 1,189.95
1975-76	5,265.20	4,042.25	- 1,222.95
1976-77	5,073.79	5,142.25	+ 68.46
1977-78	6,025.29	5,404.26	- 621.03
1978-79	6,814.30	5,726.26	- 1,088.04
1979-80 (P)	8,231.32	5,998.64	- 2,232.68
1979-80 (R)	8,907.88	6,458.76	- 2,449.12
1980-81 (P)	11,783.29	6,578.41	- 5,204.88
1980-81 (P R)	12,210.16	6,675.15	- 5,535.01
April-May 1980 (P)	1,721.87	837.57	- 884.30
April-May 1980 (R)	1,965.01	1,197.90	- 767.11
April-May 1981 (P)	1,531.22	1,010.38	- 520.84

(P) = Provisional.

(PR) = Partially Revised.

(R) = Revised.

Source: Directorate General of Commercial Intelligence and Statistics, Government of India, Calcutta.

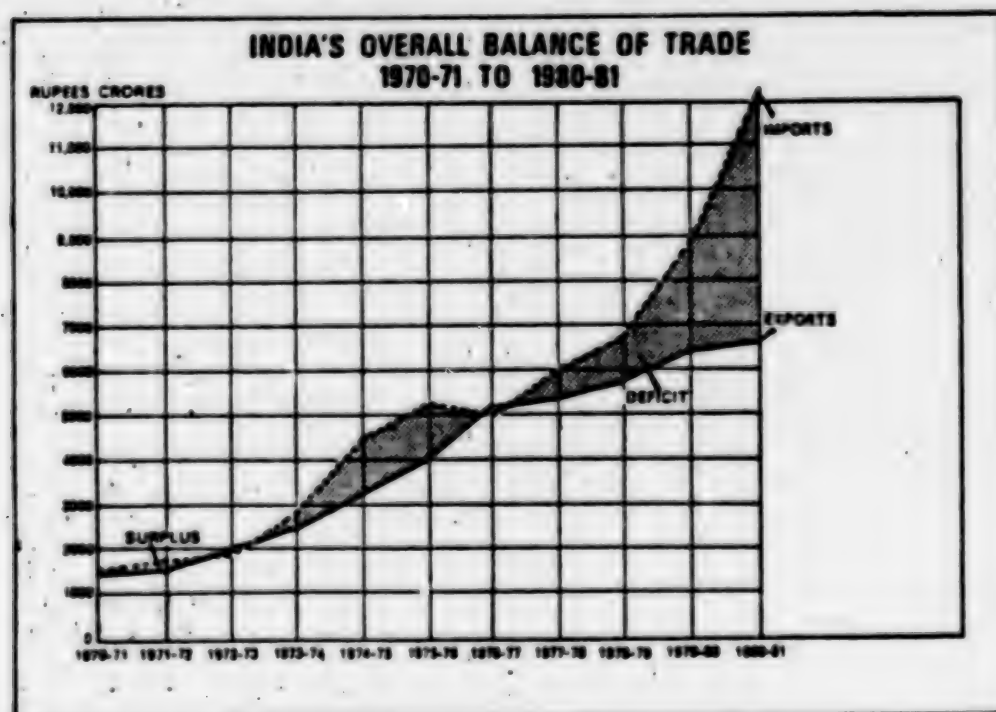


TABLE II
Imports of Crude Oil and POL Products

Product	1978-79		1979-80		April-Dec. 1980* [@]	
	Qty.	Value	Qty.	Value	Qty.	Value
(a) Crude Oil	14,657	1,251.17	16,119	2,186.93	11,849	2,302.38
(b) Petroleum Products	3,878	429.99	4,478	1,024.97	4,943	1,270.94
Of which :						
Naphtha	301	33.62	131	29.30	96	23.29
Kerosene	1,449	181.26	1,491	364.09	1,421	396.11
HSD	1,120	133.41	1,936	478.61	2,223	601.37
LDO	24	2.49	77	21.37	27	6.95
Furnace Oil	912	57.92	741	87.14	955	145.13
Lubes and Greases	44	12.46	52	19.99	129	61.17
Others	28	8.83	50	24.47	98	36.92
Grand Total (a)+(b)	18,535	1,681.16	20,597	3,211.90	16,792	3,573.32

* Provisional.

[@] Excludes products obtained under crude processing arrangement with Aden Refinery.

the possible rise in the Indian exports to provide the additional defence against repetition of the 1980-81 balance of trade crisis. Fortunately, it seems likely that there will be a revival in exports, since the first two months of the financial year 1981-82 have been highly encouraging. There has also been a fall in overall crude oil prices and an expected fall in that of petroleum products. So it is conceivable that something like Rs. 1,000 crores might be saved on petroleum crude imports. If exports rise by Rs. 1,400 crores and imports drop to Rs. 1,000 crores, it is possible, though perhaps not extremely likely, that India will recover the position of 1979-80 when the adverse balance was less than Rs. 2,500 crores.

How, in the face of this dismal picture, can one look upon the financing of the Plan which unfortunately made no provision for an adverse balance of trade of this order in 1980-81 though the facts were broadly known. It is obvious that, particularly to finance the large capital investment in oil exploration and further development of Bombay High, particularly South Bombay High, massive foreign exchange will be required. This explains in part the approach to the International Monetary Fund for a loan of the order of five billion SDR's which, like the trade balance of the current year, is a breathtaking figure making financial history. The taking of such a massive loan raises serious problems of repayments and naturally discussions are proceeding on the wisdom of the operation over the long haul.

It is obvious, however, that a standby

credit is necessary in order to ensure that India's present credit rating which was and is high since 1976 should not be eroded. There is much to be said for the negotiations. The money obligation of India's Sixth Plan should be underwritten in advance by the standby credit under terms which are admissible under the IMF rules. This does not make the trade picture any happier but it does suggest that, while the trade balance will continue to be adverse throughout the Plan, the payments situation can be safeguarded "for the duration".

TABLE III
Non-export Receipts (Gross) : 1979 and 1980
Monthwise

Month	(Rs. crores)	
	1979	1980
January	206.50	400.47
February	171.96	285.58
March	323.19	311.42
April	221.88	308.66
May	210.68	232.16
June	266.96	223.12
July	186.02	230.05
August	207.73	599.13
September	242.47	689.04
October	167.25	643.37
November	247.64	231.37
December	323.02	312.91
Total	2,775.30	4,467.28
April-December	2,073.63	3,469.81
April-March	3,071.12	

Source : Information given in the Lok Sabha by Mr. R. Venkataraman, Minister of Finance, Government of India.

TABLE IV

Movements in India's Foreign Exchange Reserves/Assets : 1971-1981

(Rs. Crores)

Year/Month/Week ending	Foreign Exchange Reserves ¹ (As at the end of)	Net Foreign Assets of of the Banking Sector ² (As on last Friday/Friday)	Foreign Exchange Assets of the Reserve Bank of India ³ (As on last Friday/Friday)
1970-71	438.12	559	350
1971-72	480.38	619	421
1972-73	478.90	579	376
1973-74	580.78	674	530
1974-75	610.50	436	633
1975-76	1,491.70	1,094	1,518
1976-77	2,862.99	2,471	2,767
1977-78	4,499.75	4,445	3,889
1978-79	5,219.86	5,434 (P)	4,655
1979-80	5,163.66	5,422 (P)	4,782
1980-81		4,617	4,320
April, 1980	4,854.39	5,019 (P)	4,535
May, 1980	4,890.21	5,022 (P)	4,655
June, 1980	4,774.90	4,874 (P)	4,488
July, 1980	4,582.49	4,770 (P)	4,335
August, 1980	5,245.69	5,162 (P)	4,954
September, 1980	5,209.13	5,023 (P)	4,811
October, 1980	4,999.40	4,880 (P)	4,661
November, 1980	4,949.80 (P)	4,821 (P)	4,599
December, 1980	4,760.70 (P)	4,663 (P)	4,444
January, 1981	4,850.54 (P)	4,707 (P)	4,480
February, 1981	4,888.34 (P)	4,824 (P)	4,589
March, 1981		4,617	4,320
April 3, 1981		4,678	4,354
April 10, 1981		4,589	4,265
April 17, 1981		4,603	4,277
April 24, 1981		4,514	4,209
May 1, 1981		4,470	4,167
May 8, 1981		4,473	4,149
May 15, 1981		4,446	4,120
May 22, 1981		4,378	4,075
May 29, 1981		4,403	4,100
June 5, 1981		4,279	3,978
June 12, 1981		4,279	3,978
June 19, 1981		4,187	3,966
June 26, 1981		4,155	3,932
July 3, 1981			3,932
July 10, 1981			3,932
July 17, 1981			3,932
July 24, 1981			3,392

(P) - Provisional and subject to revision.

¹ Excluding Gold and Special Drawing Rights.² As available in the 'Analysis of Sources of Change in M₂'.³ Foreign Securities plus Balances held abroad (As available in the 'Statement of Affairs of the Reserve Bank of India').

Source: Reserve Bank of India.

II. Export Projections: Government and FICCI 1981-82

It is not surprising that the alarming growth in India's trade deficit from Rs. 1,055 crores in 1978-79 to Rs. 2,370 crores in 1979-80 and Rs. 5,436 crores in 1980-81 has made both the Government and Trade and Industry resolve on plans for much better export performance in 1981-82 than in the immediately preceding years. They have arrived at not very different export projections for the current year which are given in the table on page VI.

FICCI visualises an export target for 1981-82 higher by 22.85 per cent than actual exports in 1980-81 as against 18.31 per cent under the corresponding Government target. Its export expectations are high in the area of plantations/agricultural and allied products. They are also higher in textiles, jute and allied products; but lower in respect of gems, jewellery and handicrafts.

Export targets are comparable for engineering products, which undoubtedly constitute an important growth area. Since nothing is said in FICCI's Export Plan for 1981-82 about the comparison of its own targets with Government's, but Government sources and plans seem to have been the basis of change and Government assistance is a condition of success. Obviously, 22.85 per cent increase in exports in a single year as anticipated by FICCI would call for a good deal of effort on the part of industry and trade and co-operation from governmental agencies. Even the 18.31 per cent improvement in exports in 1981-82, as expected by Government appears high demanding a 11 per cent average annual increase achieved during 1979-80 and 1980-81.

However, the export trend in the first two months of the current year (April-May) is a good augury for a major improvement. While export earnings, on the basis of provisional data, have gone up by nearly 20 per cent to Rs. 1,010.38 crores compared to Rs. 837.57 crores in the corresponding months of the last year, imports have gone down by about 12 per cent to Rs. 15,131.22 crores as against Rs. 1,721.87 crores. The trade deficit is thus, lower at Rs. 520.84 crores as compared with Rs. 884.30 crores, correspondingly. In case these two months' exports from same proportion to the total year achievement as it was in the preceding year, the 1981-82 exports should be Rs. 8,557 crores, that is, near the FICCI export expectations.

Agricultural Products

Of plantations/agricultural and allied products, tea will be a leading foreign exchange earner as in the previous years but at almost half the growth rate. As analysed in IIPD's Quarterly Economic Report (99) an annual figure between Rs. 400 and Rs 500 crores looks as though it will be normal for the eighties on Tea exports of above 250 million kgs. The most significant growth product is sugar whose export of Rs. 35 crores (provisional) in 1980-81 as against Rs. 145.8 crores in 1979-80 is expected to earn Rs. 150 crores in 1981-82. This figure is arrived at by FICCI on the assumption that sugar production will rise and that exportable surplus will be 3.5 lakh tonnes in 1981-82. Such an assumption is subject to many 'ifs' and 'buts' in regard to domestic production and exportables supplies. FICCI itself bases its projection on the hope that the monsoon has been favourable and that the area under sugarcane is larger than before. But it concludes on a pessimistic note: "the picture today is not quite clear and a final outlook would be possible by 1981-82." Rice is next to tea in matter of foreign exchange earned in 1980-81 and to earn in 1981-82. Whatever may be argued against 'stop-go' or 'switch-on' or 'switch off' approach to its exports, its surplus for export is most susceptible to domestic demand pressures. Reversal of a negative into positive growth rate of export of spices, cardamom and marine products as anticipated in 1981-82 will be conditioned more by international market factors than domestic supplies.

Ores and minerals, conspicuously iron ore claiming 8.65 per cent of the group total, are expected to maintain a steady pace. So are exports of leather goods which, if properly planned marketwise, can earn more than anticipated. Similar is the case with sports goods, except that their exportable surpluses face more severe production constraints, than leather goods.

Gems and Jewellery

The Government expects more foreign exchange from gems and jewellery than FICCI, perhaps because of an optimistic picture presented by STC for gold jewellery exports to Middle East countries. Such optimism has, unfortunately, been abated by the fierce competition there from other countries, especially

China. Diamond exports, accounting for over 90 per cent of the group exports, have been hard hit by a deeper world recession leading to restricted credit sales in our main markets. In the result, the total group exports declined by 30 per cent to Rs. 11.74 crores in 1980-81 compared to Rs. 16.93 crores in 1979-80.

Handicrafts can become a good item for increased export if their prices are lowered through improvement in technology, whenever permissible, and more elaborate workmanship. In view of their total exports around Rs. 808 crores in 1979-80 and Rs. 878 crores in 1980-81, a massive effort will need be mounted to achieve the Government target of Rs. 1,190 crores in 1981-82.

Textiles, Jute and Coir

Textiles, Jute and Coir manufactures have been shifting their relative position as foreign exchange earners, due more importantly, to the increasing foothold of competitors in foreign markets, caused, inter alia, by our own erratic and uncertain supplies in the wake of unsatisfactory position of infrastructural inputs like power, coal, transport, etc. Exports of coir products are spread over 110 countries in the world at present. In view of our decentralised industry, only a few selected markets should be our target. Textiles constitute a vexed export problem subject to international and national pulls and pushes and need a cautious steering in the most competitive as well as restrictions-ridden world markets. No less vexed is the position of jute manufactures threatened by competition from Bangladesh and lately China.

Engineering Goods

Engineering exports are no doubt a promising area. An anticipated rise of Rs. 250 crores during this year calls, however, for very intensive and selective effort, especially for project and consultancy exports. The signs are encouraging as India has already bagged overseas civil construction contracts worth Rs. 644 crores in the six months of the present calendar year. Thus encouraged, the Government has very lately raised the export target from Rs. 1,150 crores to Rs. 1,200 crores for the current year and taken certain measures to remove export bottlenecks. It has formulated a new scheme to replace the system of compulsory pre-shipment inspection and simplification of the weighted tax deduction facilities for exporters. It has already asked the Reserve Bank of India to prevent transfer of foreign currency from one project to another in the same country. It might consider the exporters' plea to raise exemption limits for project clearances by IDBI from Rs. one crore to Rs. 10 crores.

FICCI has suggested in its Plan the commoditywise measures in the nature of securing normal facilities for production and incentives in special cases where industry is placed at a disadvantage vis-a-vis the facilities available in other competing countries. These are largely general, not specific in nature. Currently official procedures are still an obstacle. Government should concentrate on removing procedural bottlenecks, causing delays in execution of export orders, as well as delaying implementation of existing export policies at all official levels.

TABLE
Government and FICCI Export Targets for Major Items on 1981-82

Product Groups	Government Projection	FICCI Projection	(Rs. crores)	
			Export 1980-81 (P)	Percentage increase of 4 over (2)
(1)	(2)	(3)	(4)	(5)
Plantations/Agricultural and allied products	2,300	2,156	1,925	19.5
Ores and minerals	500	492	380	31.6
Leather goods	425	425	360	18.0
Gems, jewellery and handicrafts	1,190	1,074	1,050	13.3
Textiles, jute and coir manufactures	1,375	1,695	1,375	14.5
Chemical and allied products	525	539	450	16.7
Engineering products	1,150	1,150	900	27.8
Total (including others)	8,400	8,600	7,100	18.3

III. The Changing Terms of Trade in India's Balance of Trade Crisis

Obviously, the major factor in the deterioration of India's balance of trade in the last two years has been the high price paid for petroleum products while unit export prices have tended to remain relatively stationary. The relation of export and import unit values is often described as the net terms of trade. The changing terms of trade, looked at over a decade and then, more specifically, over the short period need to be described as one major factor leading to the current deterioration in India's trade balance.

The terms of trade (with base 1968-69=100) improved markedly from 106 in 1970-71 to 124 in 1972-73. Indeed it was precisely because of this spectacular improvement in the terms of trade in 1972-73, that India had, surprisingly with a relatively low quantum index for exports in 1972-73, a favourable balance of trade. The figures in Table I will show that the terms of trade improved in that year to a peak figure of 124. Thereafter there has been a steady decline and there has been a major fall between 1978-79 when the figure stood at 90 in 1980-81. The deterioration from 1972-73 has been due to the OPEC crisis which first began in 1973-74 with the initial attack in 1973-74 greatly enhanced in 1974-75 and 1975-76. There was a partial recovery in 1977-78 and 1978-79 because the unit value of India's exports rose significantly in two years while the import unit values fell. The current position is significantly worse than in 1979-80. The question which now arises is as to how the terms of trade look currently for the year 1980-81.

If we look at the provisional figures of the import of crude oil and petroleum products between 1978 and 1980, we have quantities which have somewhat declined since 1979-80, so far as April-December 1980 is concerned, but quite conceivably, they could be a little higher for the period 1980-81. On the other hand the total values between April and December at Rs. 3,573.32 crores already exceeds the value for the full year 1979-80 (Table II). If, therefore, we assume that quantities are slightly higher and value much higher, obviously the imports of petroleum products will have caused a further deterioration in our terms of trade. This is reflected in the unit value in April-December 1980 of Rs. 2,128 per tonne against Rs. 1,559 in 1979-80, or an

increase by about 36 per cent. If we look at exports of selected number of items for India as shown in Table III one sees that while the total value in crores looks as though it has been maintained, in all cases the rise in unit prices is substantially less than the 30 per cent rise on the import of petroleum products. The best that can be assumed on the rough indications that are now available for 1980-81 are that export prices might have gone up by about 10 to 15 per cent on an average, whereas, in this year, as a whole import prices of petroleum products have gone up by 30 per cent. Assuming this applies to the total value of India's imports and exports, one might assume, therefore, the deterioration in the terms of trade in 1980-81 could be conceivably between 10 to 15 per cent. If we take figure for 1979-80 as the average of Apr.-Oct. 1979, the possible index of terms of trade for 1980-81 would then be under 70 and this in itself would raise India's adverse balance of trade by not less than ten per cent. If we translate this into the figures available for 1980-81 on the adverse balance of trade of Rs. 5,530 crores, one might argue that no less than Rs. 550 crores was due to the adverse balance of trade and, conceivably, this could be higher of the order of Rs. 750 crores.

It is in the light of these figures that one must look upon the prospects of improvement in the terms of trade. It now appears that the Indian Rupee is coming under pressure so that currently the official rate has passed Rs. 9 for a dollar (US). Unofficially the Rupee is also again quoted at a substantial discount which suggests that a decline in the external value of the rupee is already under way. One might assume that a 10 to 15 per cent rise in the Rupee value of exports is possible. By the same token, one can argue that with disagreement inside OPEC and the possibility of India as a large buyer can obtain some larger discounts, there might be a decline in oil prices in 1981-82 of the order of perhaps five per cent. If both these conditions operate together, one might hazard the guess that, in 1981-82, the terms of trade might return to the 1979-80 level or about 75 in the index quoted in Table I.

Over the decade as a whole, except in the first three years when the terms of trade were improving, the operation of our import sector has been such as to wholly offset all gains in

both the quantum and prices of our exports. We have now moderated the severity of this blow but it is not possible, perhaps for the next six or seven years, to remove this high adverse factor in our trading pattern. In effect, an adverse balance of trade of not less

than Rs. 2,500 crores is written into each of the next four or five years. It is a matter of great good fortune that India's invisible exports still help to sustain the balance of payments while the balance of trade continues to be highly adverse.

TABLE I
India's Terms of Trade and Index Numbers of Exports and Imports
1968-69 to 1979-80

(Base : 1968-69=100)

Year (1)	Unit Value Index		Net Terms of Trade (2)/(3) (4)	Quantum Index		Gross Terms of Trade (4)/(5) (7)
	Exports (2)	Imports (3)		Exports (5)	Imports (6)	
1968-70	104	100	104	100	84	84
1970-71	106	100	106	106	87	82
1971-72	108	93	116	107	105	98
1972-73	120	97	124	120	99	83
1973-74	146	138	106	125	114	91
1974-75	183	239	77	133	100	75
1975-76	197	280	70	147	99	67
1976-77	210	272	77	174	99	57
1977-78	236	249	95	168	130	78
1978-79	234	260	90	180	140	78
1979-80 (E)	252	344	73	156	139	70
October 1979	228	401	57	154	92	59

(E)-Estimated on the data available upto October 1979.

Source : Directorate General Commercial Intelligence and Statistics, Calcutta.

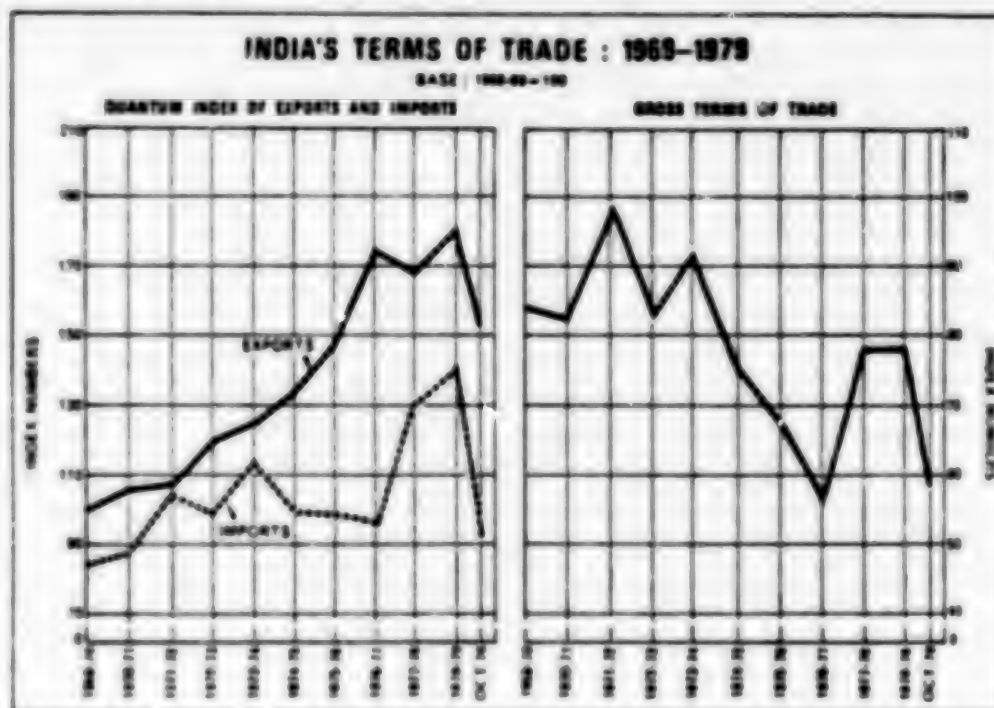


TABLE II
Import of Crude Oil and Petroleum Products : 1978-1980

(Quantity : Thousand Tonnes)
(Value : Rs. Crores)

Item/Product	1978-79			1979-80			April-December 1980 (P)		
	Qty.	Value	Unit Value (Rs./Tonne)	Qty.	Value	Unit Value (Rs./Tonne)	Qty.	Value	Unit Value (Rs./Tonne)
1. Crude Oil	14,657	1,251.17	854	16,119	2,186.93	1,357	11,849	2,302.38	1,943
2. Petroleum Products	3,878	429.99	1,109	4,478	1,024.97	2,289	4,943	1,270.94	2,571
Of which :									
(a) Naphtha	301	33.62	1,117	131	29.30	2,237	90	23.29	2,588
(b) Kerosene	1,449	181.26	1,251	1,491	364.09	2,442	1,421	396.11	2,788
(c) HSD	1,120	133.41	1,191	1,936	478.61	2,472	2,223	601.37	2,705
(d) LDO	24	2.49	1,038	77	21.37	2,775	27	6.95	2,574
(e) Furnace Oil	912	57.92	635	741	87.14	1,176	955	145.13	1,520
(f) Lube and Greases	44	12.46	2,832	52	19.99	3,844	129	61.17	4,742
(g) Others	28	8.83	3,154	50	24.47	4,894	98	36.92	3,767
Total : 1+2	18,535	1,681.16	907	20,597	3,211.90	1,559	16,792	3,573.32	2,128

TABLE III
Exports of Selected/Principal Items from India : 1978-1980

Period	Tea and Mate		Spices		Raw Jute		Jute manufacture include Twist and Yarn	
	Qty. Million kgs.	Value (Rs. Crores)	Qty. (000 Tonnes)	Value (Rs. Crores)	Qty. (000 Tonnes)	Value (Rs. Crores)	Qty. (Lakh Tonnes)	Value (Rs. Crores)
1978-79	172.4	340.45	98.1	140.06	2.2	0.78	3.3	165.63
1979-80	196.6	355.26	109.4	148.87	6.0	1.80	4.9	341.18
April-September 1979 (Revised)	88.0	147.63	59.1	69.18	4.9	1.54	2.4	164.98
April-September 1980 (Provisional)	71.1	132.10	37.0	49.84	3.8	0.21	1.6	146.92

TABLE IV
Unit Value of Selected Export Commodities : 1978-1980

(Rupees)

Commodity	Unit of Qty.	1978-79	1979-80	April-September	
				1979	1980
Jute Manufactures	Tonne	5,019.0	6,962.9	7,365.2	9,182.5
Tea	Kg.	19.8	18.1	16.8	19.3
Spices	Tonne	15,092.7	13,607.8	11,705.6	13,470.2

IV. Exports: Need for New Priorities

It is the habit of governments not to emphasise too much the economic troubles which face the people, but rather to turn away attention from them. But in India we see a curious exception. Our balance of payments difficulties are, if anything, played up by the Government, no doubt with the noble intention of spurring exports. These difficulties are none the less serious, and the urgent need for increasing exports requires not only reiteration but vigorous and purposeful action. Even so, the question of exports and export strategy has to be viewed calmly and objectively, not sentimentally.

For this, it is better to begin from the beginning and ask, why export? Simply stated, it is to earn the means to import what is necessary for the sustenance and growth of the economy. Import requirement is, therefore, the true measure of the importance of and need for exports. These requirements are large and varied, but among them crude oil and petroleum products stand in a class by themselves. Though we produce more than 10 million tonnes and hope to increase the output soon, we still have to set apart about three-quarters of our export earnings to pay for the import of crude oil and petroleum products. A few days ago there came from Government sources the breathtaking statement that India's production will go up to 30 million tonnes in three years. When that miracle happens, then or years later, India can, of course, join another kind of international club. But until then, the need for exports will remain as great as ever.

But that does not necessarily mean that we should try to export anything and everything whatever the cost or effort. In all situations, 'comparative advantage' must remain the general guiding principle. That is to say, among the various goods and services which can be exported, we should prefer those that can be produced more cheaply and efficiently. It is only then that a given amount of resources and productive effort can give optimum results.

It would follow, therefore, that production for export should be organically integrated with production in the economy as a whole. Similarly, among the choices available for investments for export, those offering better or quicker returns should be taken up first. Stated in general terms, these propositions may seem quite self-evident. But curiously enough, they

have often been ignored in practice. For example, our greatest natural advantage is sunlight of which we get more than most countries. One would, therefore, have thought that agriculture would have been our most preferred source of exports. But it is nowhere near so. On the other hand, it is the most advanced industrial country in the world, the United States, which happens to be the world's biggest exporter of agricultural products.

Of course, we should not try to export each and every agricultural product. Some, like foodgrains, can be thought of only after domestic needs are met. Choices have, therefore, to be made. Cashewnut is a good example. India is still the leading exporter of processed cashewnuts but we still import half the raw material from Africa. It has been evident for some time that this source will dry up as the African countries begin to process the nuts themselves, and this is happening. Yet very little has been done so far to extend and improve the cultivation of cashew. Palm oil and soyabean are other examples. Both offer the twin advantages of opening up export opportunities and easing the domestic situation by increasing the total supply of edible oils.

Another insufficiently tapped asset, which has great potential, consists of the many natural advantages we have for attracting tourists—mountains, forests, beaches, ancient monuments and our diverse and picturesque ways of life. With some imagination, these can be turned into tourist attractions without calling for undue investment. Yet, compared to the potential, the development of tourism can only be called negligible. Apart from Europe and the Mediterranean, which have a long experience and tradition of tourism, several smaller countries in this region, like Sri Lanka and Singapore, attract far more tourists than India. Tourism, therefore, deserves to rank as one of the priority areas for earning foreign exchange.

While areas of great potential benefit have thus been rather neglected, we have at the same time lavished a great deal of effort (and frittered away resources in the process) in trying to export a host of items in which we have no particular advantage. There are many such instances where real export earnings (that is to say apparent earnings *minus* import costs directly involved) are quite incommensurate with the investment and effort put in.

A search for priorities, made in the light of our advantages and our skills in using them, would show that, except in rare cases, it would not be worthwhile—indeed it would be futile—to promote industries or enterprises solely for export. Industrial investments should be selected in response to market demand; the important point being that market demand should also include export demand. Then, and then only, can much better advantage be taken of the economies of scale. The production which results will then be cheaper and better for the domestic market, as well as competitive in the export markets. Further, industries with a wide and stable home base can better face the fluctuations in international demand which can sometimes be quite sharp and violent, than industries solely dependent on exports and therefore wholly exposed to the vicissitudes of the international market. To illustrate, one reason why the Indian tea industry has been able to put up with fluctuations has been the continually broadening domestic base.

Following the same lines, it would be seen that export obligations, which have been imposed during the last 15 years on many industrial units have probably done more harm than good. The very obligation to export puts exporters in a weak bargaining position. Some of them are compelled to make distress sales to fulfill their obligations, and these sales may adversely affect export of the same goods by others. It would be well worthwhile to take a second look at this system and withdraw or phase out these obligations before long.

This naturally leads to the question of how to make Indian industry more competitive in the export markets. The only enduring solution is to make Indian industry as a whole more efficient. For this, all should have reasonable access to the necessary equipment, technology and raw materials. Confining such access to enterprises which profess to produce only or

mainly for exports would not be the right answer in the long run. Doing so would give rise to two sectors, one efficient and the other much less so. These cannot co-exist for long. Because, like Gresham's law which says that bad currency drives out the good, the inefficient will always infect and weaken the more efficient.

The same considerations will also have to be borne in mind on the question of incentives for export. A number of forms of assistance for exports are loosely known as incentives. Some of them, strictly speaking, are not incentives at all. I refer to drawbacks and reimbursement of taxes. These really amount to no more than removal of handicaps. What is required in this field is further simplification of procedures. Incentives proper stand on a different footing as they all involve some subsidy, direct or indirect. Such incentives too are legitimate instruments of policy, but only so long as the industries chosen for assistance have some prospect of improving and doing without them within a reasonable period. They should not become permanent props. Such incentives are better fixed on a generalised formula aimed at encouraging the more efficient to a greater extent than the less efficient. In other words, the quantum should not vary from unit to unit depending on the cost of production of each, because if it does so, there will be no inducement to improve. It is true that a generalised incentive may give more profits to the better. But far from deterring us, it should be looked upon as a way of encouraging the less efficient to emulate and improve.

There is a popular impression that while exports are 'good' imports are not so and should be avoided. Such a view is quite unjustified. For, after all, the very object of exports is to earn the means for import.

Courtesy: The Author and the "Indian Express"

V. Outlook for India's Exports: 1984-85

The Sixth Plan assumes that India's exports will grow at an annual rate of nine per cent in real terms during the Plan period, from Rs. 6,420 crores in 1979-80 to Rs. 9,878 crores in 1984-85. However, there are risks in making such projections during a phase of Indian and

international inflation and uncertainties over the protectionist and monetary policies of industrial countries. Already, the trade deficit in 1980-81 has increased to Rs. 5,500 crores when the Plan had expected it to rise only to about Rs. 3,972 crores by 1984-85.

The main argument in favour of an optimistic view of the prospects ahead is the increase in India's industrial production in the current year at a rate of about eight per cent, and the likelihood of this rate being maintained during the rest of the Plan with the improvement of the infrastructure and the incentives offered for organised industry. To the extent to which export promotion has hitherto suffered owing to shortage of goods or raw materials—sugar is one example—there is bound to be an improvement. There is less assurance now about the early removal of protectionist restrictions on imports of manufactured products by the industrial countries and hopes of any progress will rest on the outcome of the several conferences due to be held on North-South issues at Mexico in October and later in the U.N. global negotiations. The recent India-EEC agreement is a hopeful sign of the advance that can be made given mutual goodwill and a constructive approach in bilateral and inter-regional agreements even if there are obstacles to understanding at the global level. World exports last year had increased only by 1.5 per cent and this rate is unlikely to show any change in the current year. All developing countries are naturally affected by this relative stagnation growth but by 1982-83, when the industrial countries are able to overcome their problems of inflation and balance of payment, an accelerated growth rate of exports may become a practical possibility.

Indeed, India will now be under strong pressure as a result of its obtaining a massive loan from the IMF of Rs. 5,068 crores (5 billion S.D.Rs) to step up its export efforts by pursuing effective policies for the purpose. For the current year 1981-82, the Commerce Ministry has fixed a target of Rs. 8,400 crores, representing an increase of over 20 per cent in nominal terms over the final figure for 1980-81 which is estimated at Rs. 7,100 crores. Some helpful measures have been taken to assist engineering exports such as priority for its requirements of steel and pig iron, exemption from the last price increase and facility to obtain steel at international prices. Project exports and consultancy contracts are also likely to show an upward trend. Official procedures have to respond in still better ways to

changes in the conditions in foreign markets. The present position of tea in which local impediments are hampering exports is an example of the lack of prompt responses to world trends in competitive items.

India's terms of trade have been steadily deteriorating in the last two years mainly because of the higher oil prices. Recent meetings of the OPEC on oil prices have failed to agree on further increases mainly because of Saudi Arabia's influence and also because of rising stocks indicating a stiffening of the attitudes of buyers and their partial success in saving fuel based on oil. There are experts who expect this phase of relative stability in oil prices to continue while some hopefully expect even a slight decline. If this happens, India's payment position can improve.

Whether the exchange rate of the rupee will make any significant contribution to the export promotion effort remains to be seen. The strength of the dollar, because of higher American interest rates, has contributed to a devaluation of the rupee in relation to that currency which should help exports. But the trade weighted exchange rates of the rupee in relation to a basket of currencies show contrary trends in respect of other currencies which are equally important for our exports. There is also the important factor of a possible rise in import costs if the rupee depreciates too much as this can further accentuate the cost push inflation within the country and perhaps also increase the real burden of debt-servicing which will go up from about nine per cent of the value of exports of goods and services in the current year to nearly double that rate when the new IMF loan and further commercial loans from international banks are to be serviced.

A new Export-Import Bank will soon be set up under the recent legislation enacted by Parliament. The Finance Minister has also offered the assurance that cash subsidies and duty drawback to neutralise the effect of indirect taxes on exported goods will be maintained on a stable basis. Such constructive approaches provide the basis for expecting the export targets to be fulfilled by 1985.

SEMINAR ON CHINESE PROBLEMS IN WEST KALIMANTAN

Jakarta HARIAN UMUM AB in Indonesian 27 Jul 81 p 6

[Text] A seminar on Chinese problems in West Kalimantan, held recently in Pontianak, was sponsored by the cooperation council of the University of Tanjungpura and Military Region XII/Tanjungpura.

At the seminar, which attracted the attention of a number of groups, a working group on "The Chinese Problem in West Kalimantan" was developed as a concept for the resolution of Chinese questions in that area.

The working group is to be composed of Col Eddy Yusuf (chairman), Dr Panjang Soegiharjono (deputy chairman), Lieutenant Colonel Mulsingih (secretary), Dr Ismet M Noor and Abdussamad (deputy secretaries), and Lt Col Anwar Rahman, Lt Col Aang Suwarjo, Major Sumitro, Dr Janes Siagian, Dr Hadari Nawasi, and Chandra Hasan (members).

The working paper of the group mentioned above covers the matter of the arrival of the Chinese in West Kalimantan, the formation of Chinese associations [kongsis-kongsis], the Chinese during the period of the Dutch colonial government, the Chinese during the Japanese occupation of Indonesia, the Chinese at the time of the proclamation of Indonesian independence, the Chinese group in West Kalimantan, the implementation of Presidential Instruction 02/1980 on Indonesian nationality certificates (SBKRI), and Chinese culture.

Meanwhile, the indigenous inhabitants of the area made it clear that they do not want to have Chinese in their associations. This question was among the problems which call for a solution, particularly in terms of the implementation of Presidential Instruction No 02/1980 on Indonesian nationality certificates.

According to the Presidential Instruction, there are 155,520 people of Chinese ancestry who are clearly Indonesian citizens. However that may be, their attitude and their behavior do not reflect the fact that they are Indonesian citizens, especially the older Chinese group.

The results of the seminar will be turned over to the governor of West Kalimantan.

The seminar, which was opened by the chief of staff of Military Region XII/Tanjungpura, Col Ida Bagus Sujana, on behalf of the commander of the Military Region, Brig Gen Untung Sribadi, was attended by the director of the Bank of Indonesia branch in Pontianak, the presiding judge of the State Court of Pontianak, representatives of the immigration and transmigration services, and by journalists.

INDONESIA

LOAN FROM KUWAIT SET AT \$36.5 MILLION

Jakarta HARIAN UMUM AB in Indonesian 22 Jul 81 p 3

[Article: "Kuwait-Indonesia Sign \$36.5 Million Loan"]

[Text] A loan agreement amounting to 10.3 Kuwaiti Dinar (about \$36.5 million) was signed recently in Kuwait between the Kuwaiti government (the Kuwait Fund for Arab Economic Development) and the Indonesian government.

The signature of the agreement was in the framework of a Kuwaiti loan to Indonesia, to help in the financing of the rehabilitation and expansion of the electricity network in Bandung (greater Bandung power distribution network).

The Indonesian government was represented at the signing ceremony by the Indonesian ambassador to Kuwait, R Sajogo, while the Kuwait Fund for Arab Economic Development was represented by Minister of Finance and Planning 'Abd al-Latif Yusuf al-Hamad.

The loan is for a period of 20 years, including 5-year grace period, at a rate of 3.5 percent interest and an additional 0.5 percent per year for administrative costs.

The loan is a follow up to the visit of the amir of Kuwait to Indonesia last September. At that time Kuwait agreed to grant a soft loan of \$107 million for several projects.

Friendly relations between Indonesia and Kuwait have existed since the opening of the Indonesian Embassy in 1976. They have continued to improve, with President Soeharto visiting Kuwait in 1977. As a follow up to the visit that year Kuwait provided a soft loan of \$30 million for the Bandung electricity network project and \$18 million for the construction of the Belawan-Medan-Tanjung Morawa highway.

Beside that in 1979 Indonesia issued bonds worth 7 million Kuwaiti Dinar [\$25.2 million) in Kuwait, in cooperation with the Kuwait International Investment Company.

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CSO: 4213/94

INDONESIA

EAST TIMOR DEVELOPMENT

Jakarta HARIAN UMUM AB in Indonesian 17 Jul 81 pp 1, 8

[Article: "After Five Years of Integration, East Timor Welcomes Its Increasingly Bright Future"]

[Excerpts] East Timor, which officially became the 27th province on 17 July 1976, is presently growing and developing quickly. As the youngest province, the development of East Timor seems somewhat less than that of other provinces of Indonesia. However, compared with the situation 5 years ago, progress in all sectors of life can be clearly seen. [The previous two sentences, carried as a correction in HARIAN UMUM AB on 18 July, replace the following sentence as published in the original article: "As the youngest province, the development of East Timor appears to have fallen behind, compared with the situation 5 years ago, progress in all sectors of life can be clearly seen." In carrying the correction, the editors stated that several words had been left out, altering the meaning of the sentence.]

"Now the economic, social, cultural, and educational life of the province, as well as that of other sectors, is experiencing rapid progress," said the governor of East Timor, Guilherme Maria Goncalves, to HARIAN UMUM AB in an interview in Jakarta on Wednesday [15 July].

According to the governor, the progress achieved in the province has steadily reached new levels after it successfully went through the three-stage, short-term development program, particularly the rehabilitation phase (October, 1976, to the end of 1979). Thus, East Timor at present is able to take part in the application of the third Five-Year Plan, together with other provinces in Indonesia.

As stated by the chief of the Bureau of Economic Affairs and Development of the province of East Timor, Dr Jose Goncalves, in an interview with HARIAN UMUM AB in his office recently, short-term development programs must be implemented, in view of the conditions in the province. East Timor is in a backward condition as a result of the Portuguese colonial system. To this was added the atmosphere of a kind of "civil war" before the province joined Indonesia.

According to Dr Goncalves, perhaps East Timor is the area which is receiving the greatest amount of budgetary support, based on a per capita calculation. In the

1981-1982 fiscal year total subsidies, financial transfers, and development aid amount to Rp 32,682,253,000. This total is relatively large, compared to the total population of East Timor which, according to the last census, had 552,954 inhabitants.

The budget involves subsidies and financial transfers of Rp 10.5 billion, development aid of Rp 15,182,253,000, and a sectoral budget of Rp 7 billion.

With a development budget which increases year by year, step by step the province, which covers an area of 14,989 square kilometers, is increasingly able to carry out development activity in all sectors. This is not only the case in the larger cities but also in the rural areas of East Timor, which has 13 regencies and 64 districts.

In a physical sense development in East Timor can be seen in the construction of new buildings, for offices, schools, community welfare centers, markets, and resettlement of the population, and so forth. At present the highway infrastructure is steadily improving and reaching far into the interior, opening up a number of regions which were previously isolated. Dr Goncalves further stated that an asphalt-surfaced road, 350 km long, has been constructed from Dilli to Baucau, Meliana, Tampoia, and Los Palos. The construction of highways is very much needed for social development and growth in the rural areas and to facilitate the marketing of the agricultural produce of East Timor.

Some of the agricultural products which have some potential in this region include coffee, copra, corn, and several kinds of nuts. In the past few years the cultivation of cloves has been stimulated in several areas, including Meliana and Los Palos. Livestock raised in the province include cattle, horses, sheep, and chickens. Indeed, last year President Soeharto provided 1,000 cattle for the development of animal husbandry in the province.

Regarding the participation of the community in development, both the governor and Dr Goncalves on separate occasions expressed the same view that community participation is very evident and has been increasing in recent years. Perhaps this is a result of the fact that the community directly feels that the development activity being carried out is for their own benefit, and they can appreciate its usefulness.

One of the practices which is spreading among the people of East Timor, according to the governor, is the increasing fluency with which they speak Indonesian. This is due to the formal and informal education which they receive. Thus, the people increasingly understand the meaning of the development activity which is carried on. This situation is further affected by television broadcasts enjoyed by the people of East Timor, following the construction of several relay stations in the province.

The governor frankly admitted that one obstacle which was felt at the beginning of the period of integration was the matter of communications, and particularly the Indonesian language. However, now this obstacle has been overcome, and the people can understand the meaning and purpose of the development program which is being carried out in the province.

In the educational field in particular, the governor said he placed great emphasis on this area, especially to raise the level of knowledge of the younger generation. At present elementary school buildings have been constructed down to the sub-district and village level. At this time junior high schools are found in the districts and regencies, while senior high schools are only found in the capitals of regencies. In the near future senior high schools will be built in several district capitals.

From available data it appears that the number of children of school age in all of East Timor total 90,280. Those in elementary school total 63,073; those in junior high school total 2,471; while those in senior high school total 286.

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CSO: 4213/94

ADDITIONS TO GARUDA AIRCRAFT FLEET

Jakarta HARIAN UMUM AB in Indonesian 16 Jul 81 pp 1, 8

[Article: "Garuda Adds Three Fokker-28 Aircraft to Its Fleet"]

[Excerpts] Garuda Indonesian Airways this year will add to its fleet three Fokker-28 MK 4000 series aircraft, with a transport capacity of 85 passengers per aircraft. The chief of the Garuda Community Relations Office, Karyono Adhy, told ANTARA on Wednesday [15 July] that one of the three aircraft arrived on 2 July 1981 and was put into operation on 3 July 1981. The second and third aircraft are expected to arrive in Indonesia in August and September, 1981, from the Fokker aircraft plant in the Netherlands, he said. With the addition of the three Fokker aircraft, at the end of this year Garuda will have a total of 70 aircraft, consisting of four Boeing 747's, six DC-10's, 24 DC-9's, 21 Fokker-28 MK-1000, seven Fokker-28 MK-3000, and eight Fokker-28 MK-4000.

Karyono said that later in 1981 Garuda will add to its fleet six Airbus A300 aircraft, with a capacity of 255 passengers per aircraft. He said that the Fokker-28 and DC-9 aircraft were used for the domestic service, while the Airbus A3000 will be used for domestic and nearby regional flights. The DC-10 will be used for foreign flights (to Singapore, Hong Kong, and Tokyo) and for heavily travelled domestic routes such as the service to and from Surabaya, Denpasar, and Ujungpandang.

To handle long-range overseas flights (to Europe and Australia), Garuda will operate Boeing 747 aircraft with a passenger capacity of 425 per aircraft, according to Karyono.

Karyono said that flights on the Ujungpandang, Surabaya, and Ambon routes are being increased in frequency. "The demand for air freight on these three routes is growing," he said. On the Jakarta-Ujungpandang route, beginning 6 July 1981 the number of flights will go up from four to five per day, in both directions. Service on the route from Jakarta to Surabaya will be strengthened by three flights using DC-10 aircraft. On 15 June 1981 direct service once a day was opened on the Jakarta-Ambon route, using a DC-10 aircraft with one stop in Bali and a Fokker 28 from Denpasar to Ambon.

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CSO: 4213/94

INDONESIA

ALUMINA FACTORY ON BINTAN ISLAND

Jakarta HARIAN UMUM AB in Indonesian 27 Jul 81 p 3

[Article: "Government Decides to Build Alumina Plant on Bintan Island"]

[Text] After carrying out detailed research on where would be the most economic location to build an alumina plant--whether on Bintan island, where the raw material, bauxite, is found, or at Kuala Tanjung Asahan, where the aluminum plant will be built which will use the alumina--the Indonesian government has decided to build the alumina plant on Bintan Island, in the Riau Archipelago.

In accordance with separate research programs carried out by Kaiser Engineers and a Japanese consortium, both of them concluded that the cost of construction of the alumina plant on Bintan would be less than at Kuala Tanjung Asahan. It was the same conclusion regarding operational costs: specifically, it would be cheaper if the plant were built on Bintan Island.

The construction of the plant, which will have a capacity of 600,000 tons of alumina per year, will begin in November, 1981, and it is hoped that it will be completed by the end of 1985, at an overall cost of \$572.3 million.

For the construction of the alumina plant PT Aneka Tambang has been designated as the prime contractor, with the task of overseeing the construction and the purchase of equipment needed for the factory. Beside that PT Aneka Tambang will also carry out development of a new bauxite mine which will provide raw material for the plant, construct housing for the employees, etc.

Subsequently, Kaiser Aluminum Corp has been designated as the supplier of technology and of technical assistance for the plant. Kaiser Engineers, who will prepare the designs for the project, will act as construction manager and be responsible for the performance achievement of the plant as a whole, in accordance with the plans. Later on the Klockner Co will do the physical development of the site and be responsible for the mechanical performance of each part of the plant.

The largest reserves of bauxite in Indonesia are found on Bintan Island and its vicinity, as well as in West Kalimantan. The bauxite reserves which are found on Bintan Island and its vicinity are estimated to total 75 million tons, with an Aluminum 203 content of 49.4 percent and a silicon dioxide content of 8.2

percent. The chemical composition of the crude bauxite exported by PT Aneka Tambang is as follows: alumina, 52.99 percent; silicon dioxide, 5.49 percent; titanium dioxide, 0.82 percent; and moisture, 12.7 percent. The bauxite found in West Kalimantan in general has a lower aluminum content.

At present the only bauxite mine in Indonesia is on Bintan Island and a few small islands nearby. The mining operations are carried on at several places, and then the ore is transported to Kijang, the storage and mixing site. The ore is then loaded on ships for export.

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CSO: 4213/94

'VODK' REPORTS BATTLE ACTIVITIES

June Report for Oddar Meanchey

BK181010 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 16 Jul 81

[Excerpt] In June, our comrades in arms on the Choam Khsan-bak Anlung-Oddar Meanchey battlefield killed 540 Vietnamese aggressors and wounded 523 others, for a total of 1,063. A company-commander lieutenant and a platoon commander were among those killed. We destroyed 7 trucks, a C-25 field radio, 3 60-mm mortars, 7 M-79's, an RPD, 17 B-40's, 76 AK's, 24 military barracks, 15 trenches and a quantity of other materiel. We seized a B-40, 6 AK's, 2 AR-15's, 700 rounds of AK ammunition, 7 B-40 rockets, 1,900 m of telephone cable and a quantity of other materiel.

Compared with the 800 casualty target for the month, we achieved 132.8 percent or almost 33 percent above the plan.

We liberated a company-sized position at Phum Svay Chanthu, Oddar Meanchey battlefield, and completely liberated and controlled Phum Khna, Samraong District, Oddar Meanchey Province.

Concerning the production of primitive weapons, we made and planted 414,000 new spikes, dug 400 punji pitfalls and set 380 automatic bows.

Attacks in Kompong Som

BK180956 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 16 Jul 81

[Text] On 10 July, our soldiers andillas in Kompong Som attacked the Vietnamese troops at the rubber plant, killing four and wounding two. At night, we attacked them at (O Traeung) station, killing five, wounding two and destroying some materiel.

On 11 July, the enemy tracked us and stepped on our mines shortly after leaving their positions. They suffered two killed and three wounded. We attacked them north of the oil refinery killing two and wounding three.

In total, we put 23 enemy troops out of action and destroyed a quantity of various materiel.

Long live the valiant army, guerrillas and people on the Kompong Som battlefield!

Siem Reap-Route 6

BK190905 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 17 Jul 81

[Excerpt] In June, our comrades in arms on the Siem Reap-Route 6 battlefield killed 195 Vietnamese aggressor troops and wounded 147 others, for a total of 342. Among those killed were two company-commander lieutenants. We destroyed 2 10-wheel trucks, 2 60-mm mortars, a (Santo) gun, 4 RPD's, 7 [word indistinct], an M-30 machinegun, 26 AK's, 3 AR-15's, a C-25 field radio, 600 rounds of AK ammunition, 2 military barracks and a quantity of other materiel. We seized a B-40, an AK, 4 B-40 rockets, 100 rounds of AK ammunition, 10 handgrenades and a quantity of war materiel.

We destroyed two platoon-sized positions and liberated five villages in (Kromnhor) commune, Puok District.

Concerning the production of primitive weapons, we made and planted 16,000 new spikes, dug 260 punji pitfalls and set 200 automatic bows.

Telephone Line Cut in Phnom Penh

BK181122 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 17 Jul 81

[Text] On 15 June, our guerrillas in Phnom Penh cut 500 m of the telephone cable at Wat Phnum.

Long live the valiant and courageous guerrillas and people in Phnom Penh!

June Successes in Chhep-Thalabarivat

BK200746 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 18 Jul 81

[Excerpt] Last June, our comrades in arm on the Chhep-Thalabarivat battlefield killed 252 Vietnamese aggressors, wounded 236 others for a total of 488 casualties.

They destroyed a Vietnamese vehicle, an 82-mm mortar, an M-79, three AK's, a C-25 radio, a telegraph and six barracks. They cut a bridge and eight sections of road.

They seized 13 B-7 landmines and a quantity of materiel. They cut 250 meters of telephone wire.

Concerning the production of primitive weapons, they made and planted 300,000 new spikes, dug 100 new punji pitfalls and set up 100 new automatic bows.

Guerrillas Cut Road in Sisophon

BK191032 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 18 Jul 81

[Text] On 10 July, our soldiers and guerrillas cut eight portions totalling 40 m of the Nimit-Poipet Road in Sisophon while firing 80-mm mortar shells on the (Sras Chhouk) position. In the attack five Vietnamese enemy troops were killed and seven others wounded.

Long live the valiant and courageous army, guerrillas and people on the Sisophon-south of Route 5 battlefield!

June Figures for Central Region

BK210758 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 19 Jul 81

[Excerpt] Last June, our comrades in arm on the central region battlefield killed 147 Vietnamese troops, and wounded 162 others for a total of 309 casualties. Among those killed were two company commanders.

They destroyed two pistols, an RPD, six AK's, three trucks, a boat, a C-25 radio, two barracks and a quantity of materiel. They cut three portions of road and a bridge.

They seized an AK, 160 rounds of AK ammunition, and a quantity of materiel.

Compared with the monthly plan to inflict 300 Vietnamese casualties, our comrades in arms achieved 103 percent--3 percent more than planned.

Concerning the production of primitive weapons, they made and planted 753,000 new spikes, dug 100 new punji pitfalls and set 80 new automatic bows.

June Figures for Eastern Region

BK220022 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 20 Jul 81

[Excerpt] Last June, our comrades in arm on the Ratanakiri, Stung Treng, and Kratie battlefields in the eastern region killed 54 Vietnamese troops and wounded 69 others, for a total of 123 casualties. Among those killed was a Vietnamese district chief.

We destroyed a truck and a quantity of materiel.

Concerning the production of primitive weapons, we made and planted 198,000 new spikes, dug 700 new punji pitfalls and set up 1,200 new automatic bows.

June Figures of Mondolkiri

BK220252 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 21 Jul 81

[Excerpt] Last June, our comrades in arm on the Mondolkiri battlefield killed 16 Vietnamese aggressors and wounded 23 others for a total of 39 casualties.

Concerning the production of primitive weapons, they made and planted 179,000 new spikes, dug 380 new punji pitfalls and set up 450 new automatic bows.

Southwest Region Statistics

BK230244 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 22 Jul 81

[Excerpt] Last June, our comrades in arms on the southwestern region battlefield killed 124 Vietnamese troops and wounded 142 others for a total of 266 casualties. Among those killed were a member of a Vietnamese brigade, two Vietnamese provincial governors, and a company and a platoon commander.

We destroyed three vehicles and a quantity of materiel. We seized two AK's, an AR-15 and a quantity of materiel.

Concerning the production of primitive weapons, they made and planted 754,000 new spikes, dug 300 new punji pitfalls and set up 200 new automatic bows.

June Report for Moun-Kaos Kralor

BK250808 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 23 Jul 81

[Excerpt] Last June, our comrades in arms on the Moun-Kaos Kralor battlefield killed 15 Vietnamese aggressor troops and wounded 17 others--a total of 32 casualties. They destroyed an RPD, 4 AK's, an AR-15, a military barracks and a quantity of various other items. They also destroyed a Vietnamese platoon position and routed a platoon-sized Vietnamese intervention unit.

In the production of primitive weapons, our comrades in arms produced and planted 180,000 new punji stakes, dug 170 punji pitfalls and set 120 automatic bows.

June Report for Bakan-Pursat

BK260244 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 24 Jul 81

[Excerpt] Last June, our comrades in arms on the Bakan-Pursat battlefield killed 37 Vietnamese aggressor troops and wounded 27 others for a total of 64 casualties. They destroyed a 12.8-mm machinegun, 2 B-40's, 9 AK's, a truck, 4 military barracks, 2 warehouses, a bridge, a (?drain) and a quantity of materiel. They seized two AK's and a quantity of materiel. They also destroyed four Vietnamese positions--one company-sized and three platoon-sized positions--and cut a railroad bridge and a [words indistinct].

In the production of primitive weapons, our comrades in arms made and planted 163,000 new punji stakes, dug 200 punji pitfalls and set 170 automatic bows.

Mines Planted in Phnom Penh

BK260820 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 25 Jul 81

[Excerpt] Our soldiers and guerrillas are united with our people in all localities, stepping up their attacks against the Vietnamese aggressors more intensively and vigorously throughout the country in order to wear down and destroy their forces constantly.

On the Phnom Penh battlefield: On 11 July, our guerrillas in Phnom Penh laid mines in Tuol Pourk which wounded four Vietnamese soldiers.

June Figures for Western Region

BK270222 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 26 Jul 81

[Excerpt] Last June, our comrades in arms on the western region battlefield killed 12 Vietnamese aggressors and wounded 9 others, for a total of 21 casualties.

We destroyed a vehicle and a quantity of materiel. We seized an AK and six magazines.

Concerning the production of primitive weapons, we made and planted 853,000 new spikes, dug 200 new punji pitfalls and set up 150 new automatic bows.

Battles in Ban Me Thuot

BK270925 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 26 Jul 81

[Text] Report on attacks by the Dega-Fulro [this term previously rendered phonetically by FBIS as "(Bigiar)-Fulro] guerrillas on the Ban Me Thuot battlefield:

On 9, 10 and 11 October 1980, the Dega-Fulro guerrillas ambushed the Vietnamese Le Duan enemy at the (Ha Lam) plantation, attacked it at (Keh Mot Rach) position and intercepted a jeep moving from Ban Me Thuot to (Ma Tra), killing six enemy troops, wounding seven, capturing another, destroying a jeep and an ammunition depot and seizing two M-16's. On 12, 13 and 14 October, they attacked the Vietnamese Le Duan enemy at the plantation north of (Seuk), ambushed a jeep moving from (Thom Thiep) to Ban Me Thuot and intercepted enemy troops launching an operation at (Chi Trang) Hill, killing 10 enemy troops, wounding 7 others, destroying a jeep and seizing 6 M-16's, 6 AK's and an AK-54. On 15, 16 and 19 October, they attacked the Vietnamese Le Duan enemy at (Buon Phu Maha Bede), at (Chi Pul) and at (Buon Rung), killing 10 enemy troops, wounding 6, capturing 4 others and seizing 8 AK's, 5 M-16's, 2 AK-54's and 2 M-79's. From 23 to 26 October, they attacked the enemy troops at (Buon Mi Ga) plantation, at (Buon Ko Emong), (Buon Kri) and at (A Hou

Buon Teh), killing 9 enemy troops, wounding 13 others and seizing 6 AK's, an M-16 and an AK-54. On 27, 29 and 30 October, they attacked the enemy troops at (Buon Hiap), at the (Buon Kri) road junction and on the road leading from (Buon Kram) to (Ai Nghia), killing 25 enemy troops and wounding 15 others.

In sum, on the Ban Me Thuot battlefield, the Dega-Fulro guerrillas put 108 Vietnamese Le Duan troops out of action, captured 5 others, destroyed 2 jeeps and an ammunition dump and seized 14 M-16's, 20 AK's, 2 M-79's and 4 AK-54's.

Memot District Ambush

BK290831 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 28 Jul 81

[Excerpt] Our army and guerrillas have intensified their attacks on the Vietnamese aggressors and have scored more successive victories.

The eastern region battlefield, Memot District: On 12 July, the Vietnamese enemies chased our Kampuchean girls at (Chamkar Boepa). They were ambushed by our guerrillas, killing two of them and wounding another. The rest of them escaped the attack and returned to the Memot position.

Phnom Penh, Route 5

BK050405 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 3 Aug 81

[Excerpts] Our soldiers and guerrillas are stepping up their attacks against the Vietnamese aggressors more intensively and with greater independence, creativity and initiative thus constantly inflicting more losses on the enemy.

On the Phnom Penh battlefield: On 10 July, our guerrillas attacked the Vietnamese enemy troops south of Toek Thla and near the hospital for Buddhist monks in Phnom Penh, killing three and wounding seven.

On the Sisophon-North of Route 5 battlefield: On 20 and 22 July, our guerrillas attacked the Vietnamese troops at their positions in Phum Svay Check and Phum Bek Chan, and ambushed them while they were moving from Phum Chas to Phum (Pring Kaong). We killed 11 and wounded 12.

On 23 and 24 July, we attacked them at the positions in Phum Samraong, Phum Snuol, Phum Bek Chan and Phum Preah Puth, and ambushed them when they were sallying out of Phum M'kak, killing 26 and wounding 34.

On 26 and 27 July, we ambushed an SRV vehicle on the way from Thmar Puok to Phum Svay Chek, and attacked them at Phum M'kak and at the positions at Phum Kam Nat, Phum Thnaot and Phum Song. We killed 31, wounded 40, destroyed a vehicle, and seized an AK and an AR-16. We also cut a portion of road between Phum Treas and Phum Svay Check, and a 3-meter-long bridge south of Phum Treas.

In sum, on the Sisophon-North of Route 5 battlefield, we put 154 enemy troops out of action.

21 Killed in Kompong Thom

BK110613 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 9 Aug 81

[Text] Having grasped the movement of the Vietnamese troops who fled in 15 trucks from Siem Reap Province to stay at a position in the Stoung District seat of Kompong Thom Province, our special detachment launched a successful attack on this position on 13 July. They killed 21 Vietnamese troops, including a battalion commander and 2 company commanders, and wounded 13 others. They also destroyed a 60-mm mortar, 2 RPD's, 3 B-40's, an M-79, 5 AK's, a C-25 radio set, an ammunition depot, 3 trucks, 3 barracks and a quantity of various other items.

Long live our valiant and courageous army, guerrillas and people in Stoung District of Kompong Thom Province!

Koh Kong-Kompong Som July Figures

BK110648 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 10 Aug 81

[Excerpt] Last July, our combatants on the Koh Kong-Kompong Som battlefield killed 413 Vietnamese aggressors and wounded 410 others for a total of 823 casualties. Among those killed was a captain company commander.

We destroyed a vehicle, a pistol, 3 B-40's, 32 AK's, 6 barracks, 5 trenches and a 12-meter bridge. We cut a 3-meter portion of Route 4 and 1,130 meters of railway track between the (Roluos) and (Krapeu Pong) stations.

Our combatants seized 3 AK's, 48 A-2 landmines, 8,841 rounds of AK ammunition and a quantity of materiel. They cut 1,200 meters of telephone wires.

Concerning the smashing and liberations of Vietnamese positions, our combatants destroyed an independent Vietnamese platoon position and liberated an independent battalion Vietnamese position. They put out of action an intervention platoon.

Concerning the production of primitive weapons, they made and planted 950,000 new spikes, dug 150 new punji pitfalls, 95 new traps and set up 75 new automatic bows.

Toxic Chemicals Sprayed in Kratie

BK120810 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 10 Aug 81

[Excerpt] On 21 July the Vietnamese aggressors sprayed toxic chemicals to destroy our people's rice seedlings and transplanted rice in Sambo District, Kratie Province, causing the crops to wither and die.

Because they have suffered more serious setbacks and experienced a great impasse in the military field, the Vietnamese aggressors stop at nothing. They are intensifying looting and destruction of our people's property and crops to continue to cause famine so as to starve and massacre our people in a most savage and inhuman manner.

Attack in Stoung District

BK120808 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 10 Aug 81

[Excerpt] On the Kompong Thom battlefield, in Stoung District, on 27 July our guerrillas attacked the Vietnamese at the Sakream commune position, killing two and wounding three others while destroying an M-79 and three AK's.

Attacks in Kompong Thom

BK120835 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 11 Aug 81

[Excerpt] On the Kompong Thom battlefield: In Stoung District on 11 and 12 July our guerrillas attacked the Vietnamese in the forest near Roleap Tong Village and intercepted them when they raided Phum Dong, killing four and wounding two. They also destroyed a B-40 and an AK, and seized two other AK's.

On 13 July our guerrillas intercepted the Vietnamese when they launched an operation along the Tonle Sap River bank in the vicinity of Tommup Chroeng, killing six, wounding nine and destroying a motorboat, five weapons and some war materiel. In sum, we killed or wounded 21 enemy troops in Stoung District.

Western Leach July Report

BK120840 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 11 Aug 81

[Excerpt] In July, our comrades in arms on the Western Leach battlefield killed 512 Vietnamese troops and wounded 567 others--a total of 1,079 enemy casualties. They destroyed 2 B-40's, an M-79, a Goryunov, 11 AK's, 3 B-40 rockets, 5 military barracks and 2 trenches. They cut 7 bridges and 9 route portions, and destroyed some war materiel. They seized a B-40, an AK, 12 A-2 mines, 100 rounds of AK ammunition, 2 AK magazines, 500 meters of telephone cable and some other equipment.

Our comrades in arms liberated and occupied a regiment-size independent position and routed a company-size interventionist group.

As a result of their efforts to build a primitive weapons network, they made and planted 749,000 new punji stakes, dug 1,300 new punji pitfalls, set 200 new snares and made 350 new automatic bows.

July Figures for Samlot

BK130310 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 12 Aug 81

[Excerpt] Last July our comrades in arms on the Samlot battlefield, Battambang Province, killed 328 Vietnamese aggressors and wounded 380 others, for a total of 708 casualties.

They destroyed a 60-mm mortar, an M-30 machinegun, a B-40, 3 AK's, a truck, 10 barracks and a quantity of materiel. They cut a 2-km portion of the route between Samlot and (Treng). They seized 3 AK's, 4 A-2 landmines and a quantity of materiel.

Concerning the smashings and liberations of Vietnamese positions and the ambushing of Vietnamese intervention troops, our comrades in arms attacked, liberated and occupied 3 independent Vietnamese platoon positions and routed an intervention company.

Concerning the production of primitive weapons, our comrades in arms made and planted 315,000 new spikes, dug 100 new punji pitfalls, made 80 new traps and set up 70 new automatic bows.

Siem Reap-Route 6

BK180328 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea
2330 GMT 17 Aug 81

[Excerpt] Last July our comrades in arms on the Siem Reap-Route 6 battlefield killed 382 Vietnamese aggressors and wounded 304 others for a total of 686 casualties. Among those killed were a Vietnamese colonel, a captain, a member of the Siem Reap Provincial Committee, a company and a platoon commander. Four Vietnamese soldiers were captured and 6 others surrendered.

Our comrades in arms destroyed a jeep, 3 trucks, 2 C-25 radios, 3 pistols, a 69-mm mortar, 2 RPD's, 6 B-40's, a B-41, 27 AK's and 2 AR-15's. Eleven barracks, 21 trenches and a quantity of materiel were also destroyed. They seized 10 AK's, 2 CKC's, an AR-15, 6,500 rounds of AK ammunition, a map and a quantity of materiel. They also cut 150 meters of telephone wire.

Concerning the smashings and liberations of Vietnamese positions and ambushings of Vietnamese intervention troops, our comrades in arms smashed and liberated three independent platoon positions at (Chak Svay), (Anlung) and Boeng Mealea villages in Varin, Banteay Srei and Chikreng Districts. They liberated a platoon position which is a part of the defense line of a battalion position at (Prasat Char) village, (Don Kev) commune, Siem Reap Province. A company position at (Anlung Thom) village and a platoon position at (Tach) village in Banteay Srei District which were posted to defend a regiment position were also attacked and liberated. Our combatants entirely liberated Samraong, (Ta Prok), (Leang Dai), (Don Ok), (Thleang) and Trapeang Svay villages in Angkor Thom commune, Banteay Srei District; and

(Sre Nong), (Kantuot) and (Kulen) communes also in Banteay Srei District. They smashed and liberated five platoon positions which contributed to the defense of a Vietnamese brigade position in (Sre Khnong), (Phsar Sala Kakaoh), (Koul), (Sambat) and (Kabot) villages in Sot Nikom District. Our comrades in arms smashed and routed eight platoon and three company intervention troops, as well as a platoon-sized transport unit.

Concerning the production of primitive weapons, our comrades in arms made and planted 18,000 new spikes, dug 100 new punji pitfalls and set up 100 new automatic bows.

CSO: 4212/2

REPORT ON SYRIAN-KAMPUCHEAN COMMUNIQUE

BK310353 Phnom Penh SPK in French 1432 GMT 29 Aug 81

[Text] Phnom Penh, 29 Aug (SPK)--Hun Sen, vice chairman of the Council of Ministers and minister of foreign affairs of the PRK, visited the Syrian Arab Republic on 24 and 25 August.

A joint communique was published at the end of Minister Hun Sen's visit to Syria. In the communique, the two parties stressed their desire to develop their cooperation in all domains in order to contribute to intensifying the struggle of the two countries and strengthening the friendship between the two peoples.

The joint communique says: While in Syria, Minister Hun Sen was cordially received by 'Abdallah al-Ahmar, assistant secretary general of the Ba'th Party, and 'Abd al-Halim Khaddam, deputy prime minister and minister of foreign affairs.

Minister Hun Sen informed the Syrian leaders of the achievements which the Kampuchean people have scored in defending and rebuilding the country under the leadership of the Kampuchean front for national construction.

In their talks, Faruq al-Shar, Syrian secretary of state for foreign affairs, and Minister Hun Sen briefed each other on the current situation in Kampuchea and the Middle East, the maneuvers of the imperialists and Zionists against the Arab peoples, especially the Palestinian people, and the Syrian people's support to the Kampuchean people's struggle. The two sides vehemently condemned the Camp David agreement and other separate solutions. They pointed out the correct and urgent solution to the Middle East problem: The Israeli troops must withdraw from the occupied Arab territories, and the Palestinian people recover their national rights, including that of winning back their country and founding an independent state on their territory with the participation of the PLO, the only legal representative of the Palestinian people.

Both sides condemned the activities of the imperialists, Zionists and their lackeys in Lebanon, and hailed the relations of friendship and cooperation that bind the two countries together. Both sides also hailed their relations with the Soviet Union and other fraternal socialist countries.

The two sides confirmed the positive role of the nonalignment movement in the achievement of peace and social progress of peoples and in the struggle against imperialism, Zionism and colonialism for the setting up of a new economic order.

CSO: 4200/1

FOOD SHORTAGE CALLED BAD, BUT NOT FAMINE

BK040644 Hong Kong AFP in English 0634 GMT 4 Sep 81

[Text] Bangkok, 4 Sep (AFP)--War-torn Cambodia will face a serious food shortage in 1982, much worse than originally expected, but far short of a return to famine, according to an authoritative report received here today.

The report, from an expert who did not want to be identified but who has been reliable in the past, said it was still too early to tell the exact extent of damage to crops caused by the erratic behavior of this year's monsoon.

Drought conditions prevailed in the southeast, but varying amounts of rainfall had enabled preparation of land for planting in the southeast, the report said.

Meanwhile, flooding of the Mekong River was persisting in the southeast. River levels elsewhere were reported to have decreased slightly.

The report seemed to lend weight to a recent call by President Heng Samrin, the Vietnamese-backed Cambodian leader, for continued humanitarian aid to his calamity-prone country. Heng Samrin made his call in a Phnom Penh interview with AGENCE FRANCE-PRESSE.

CSO: 4220/13

HEALTH INFRASTRUCTURE SAID TO BE PRECARIOUS

BK070712 Hong Kong AFP in English 0630 GMT 7 Sep 81

[Report by Michel Blanchard, AFP correspondent in Hanoi who was recently in Phnom Penh]

[Text] Phnom Penh, 7 Sep (AFP)--The health situation in Kampuchea is still precarious, despite progress in the past 2 years, because there are not enough doctors, nurses or medicines to go around.

The authorities say that cases of extreme malnutrition, a legacy from the previous Khmer Rouge regime, are a thing of the past, and that last year's cholera epidemic has been ended.

But they admit that malaria and tuberculosis are still rife, along with other parasitic diseases, conjunctivitis and viral hepatitis.

Mental illness is also widespread, since the country no longer has any qualified psychiatrists or psychologists.

Sanitary conditions border on the catastrophic even in the capital. Sewers are blocked. Garbage piles up in the streets. The water supply is minimal, at best. This has led to a plague of rats, which Health Minister Nut Savoeun [title as received] says could lead to outbreaks of bubonic plague.

Cambodia used to have 19 medical school professors, all have disappeared. Official figures state that nine out of 10 of the former 618 doctors, pharmacists and dentists were massacred, along with many nurses and other hospital staffers, during Khmer Rouge eradication of Western civilization.

The Vietnamese troops which took over Phnom Penh in January 1979 were followed by Vietnamese doctors (350 of them in 1979, of which less than 100 remain). Cuban and Czechoslovak medical personnel were also sent, along with Red Cross aid (mainly from Soviet bloc countries) and assistance from other international organizations.

The medical school reopened late last year. Six-month training courses were set up for the 718 (out of 3,000) surviving medical and pharmacological students who had begun their studies before the Khmer Rouge takeover. Accelerated courses were also set up to turn out public health aides, midwives, paramedics.

Most of Phnom Penh's existing doctors--including the deputy health minister, who is a pediatrician--currently give courses at the medical school. Teaching is in French and Khmer. Hospital equipment is also in short supply. When the Khmer Rouge were driven out, abandoned or ravaged clinics had to be cleaned and made operational with whatever came to hand.

For months, jury-rig solutions made it impossible to hook up sophisticated equipment donated from overseas.

At the moment, the biggest hospital in Phnom Penh is a former Chinese one which has been given the name "Seventh of January." It has 472 beds and a multinational staff: 350 Khmers (including 15 doctors), two Vietnamese doctors, 17 Cubans (a dozen of whom are M.D.S.), and three French members of the French Medical Aid Commission. Some of the medical supplies are made locally--Kampuchea has three pharmaceutical factories--and the rest comes from Europe, Cuba and Japan.

Hospital Director Sau Sok Khonn says his institution has further problems, right down to the basics of electricity and water. There is a single operating room. There are not enough blankets, mattresses, mosquito nets.

In overcrowded departments, two patients sometimes have to share a bed. A campaign is under way to fight malaria, a blood bank has been opened with international aid, and the Institute of Epidemiology (formerly a branch of the Pasteur Institute) will soon be back in operation with foreign experts, thanks to a 150,000 dollar grant from the European Economic Community (EEC).

According to official figures, each of Kampuchea's 20 provinces has a central hospital and there are 125 district clinics plus 1,148 village infirmaries (covering nine out of 10 of the country's villages).

But the health facilities are not evenly spread. Battambang, Kandal and Kompong Cham Provinces are relatively well served. Elsewhere most medical facilities are ultradependent on international aid and Red Cross personnel.

Cambodian authorities are worried about the impending end of emergency aid from the United Nations Children's Fund (UNICEF) and the International Committee of the Red Cross (ICRC). They hope the slack will be taken up by other humanitarian organizations operating in Kampuchea and that other bilateral aid arrangements can be worked out, notably with France, the former colonial power.

Since Vietnamese troops moved in 1979, Kampuchea has received 2,500 tons of medical and pharmaceutical supplies.

CSO: 4220/13

AID CUTBACKS, HARVEST SAID TO ALARM PRK

BK090953 Hong Kong AFP in English 0844 GMT 9 Sep 81

[Report by AFP special correspondent Michel Blanchard]

[Text] Phnom Penh, 9 Sep (AFP)—The government and people of Cambodia are viewing two future setbacks with alarm—the next rice harvest is expected to be poor owing to bad weather conditions and most international emergency aid will shortly end.

The rice crop will be lower than estimated, but it will be impossible to calculate the deficit for another 4 to 6 weeks until the harvest is finally gathered.

But already one international expert here has described the situation as "serious."

This kind of difficulty is felt even more keenly by the Khmers because the greater part of international emergency aid sent to Kampuchea since 1979 will, in principle at least, come to an end. All international experts here are in agreement that Kampuchea is not in any way in a position to face up to any aid stoppage, envisaged for the end of the year. But the fact is that international agencies cannot continue giving aid indefinitely.

The International Committee of the Red Cross (ICRC) has spent a total of \$43,500,000 over the past 2 years—\$31 million in 1979-80 and \$12.5 million in 1981. It will cease all food and medical aid by 31 December, and will then concentrate on its traditional work with a smaller team here.

The United Nations Children's Fund (UNICEF) has spent a total of \$336 million in aid, and is expected to end it by the end of the year. But it will still have a \$5 million budget for Kampuchean children.

A meeting of donor countries which is scheduled to meet in New York tomorrow could decide on a more supple manner of ending aid. Meanwhile, international agencies operating here are looking for ways of replacing themselves by humanitarian organisations already here.

In any case, Soviet and Vietnamese aid alone will not be sufficient, for these two countries have their own set of problems.

Cambodia suffers in the health sectors, like all the others, of a shortage of trained personnel. Only 50 doctors, out of 500 in 1975, have survived the nightmare years and not a single veterinarian. There is a shortage of medical drugs and while malaria has been wiped out, tuberculosis is rife. In addition, according to the authorities, there is a serious risk of cholera in Phnom Penh owing to the rubbish lying about in the streets--there is no waste disposal service in the capital.

Business has made a partial comeback, mainly in the capital. Markets here are flourishing but their prices are high for they are based on the black market price of gold or dollars--for instance the official exchange rate for a dollar is four riels, compared to 16-18 on the black market.

There is a growing income gap between wage-earners and peasants on one hand and businessmen on the other, and there is practically no trade between one province and another.

While Cambodia now has a constitution and a national assembly, the shortage of trained civil servants is making itself felt. Opinions differ about the priorities in the country's march towards socialism.

Certain leaders believe that it is wiser to provide food for the people rather than spend time on political indoctrination. But supporters of political education explain that this is essential in the general interest and that Cambodia, while profiting from the experience of Vietnam and the Soviet Union, has to stress Khmer civilisation and customs.

The security problem has not been completely solved, especially along the Thai border. In addition, the Battambang trail, linking Phnom Penh with Thailand operates with army protection. The 20,000-strong Khmer army is formed of inexperienced and poorly trained young recruits.

"If the Vietnamese army withdrew today," a senior Cambodian official said, "then Kampuchea (Cambodia) would fall into the hands of the well-equipped and well-trained Khmer Rouge within 24 hours. The Vietnamese army is our life insurance policy."

The people, deeply shocked by the Khmer Rouge massacres, do not seem to look on the presence of Vietnamese troops as an occupation, but tend to see them, provisionally at least, as the only bulwark against further "genocide."

It is pointed out here that one-third of the Vietnamese army in this country takes part in farm work and another one-third in training local people at various tasks.

Cambodian leaders point out that: "We will accept aid from any source. So far as Vietnamese advisers are concerned, they will return home as soon as we have trained our own people to become skilled workers and managers--most of these were assassinated or have fled abroad." All Cambodians whom we met, and not only officials, said that they were shocked to learn that the United Nations continues to recognise the Khmer Rouge regime.

A Vietnamese adviser to a Cambodian minister remarked: The period that has just passed was difficult for Kampuchea, but the future will be even worse."

BRIEFS

KOMPONG THOM BURIAL PITS--Phnom Penh, 30 Sep (SPK)--Some 40 mass graves were uncovered in the vicinity of a temple at Phnum Pros, Kompong Siem District, 7 km west of the provincial city of Kompong Thom. Mrs Mao Mork, 72, pointed out a temple to the correspondent of SPK and said that it was in that building that the Pol Pot gang had imprisoned innocent Kampucheans. They were taken by groups of 10 to 20 persons, hands tied, toward the valley for execution. The large buddha statue in the temple was smashed by the Pol Pot hangmen. One of the stone lions decking the entry of the temple has part of its body strangely flattened. Mrs Mao Mork said that the hangmen had used this lion as a sharpening stone to grind their hatchets and other tools. If the combatants of the front [KNUPNS] and Vietnam did not cooperate us, she said, the lion would have been more eroded and the massacre of the Kampucheans would have been going on. The inhabitants searched more than 40 pits--each 5 m-wide, 5 m-long and 3 m-deep--containing each hundreds of bodies and located in two rows around a pond. Mrs Mao Mork was said to have seen upon her return to that place a 5 m-high heap of clothes of the victims. [Text] [BK011111 Phnom Penh SPK in French 1444 GMT 30 Sep 81]

YOUTH REPRESENTATIVE TO CONGO--Phnom Penh, 4 Aug (SPK)--At the invitation of the National Union of the Socialist Youth of Congo [NUSYC] Im Soudéy representing the Kampuchean Revolutionary Youth Committee left Phnom Penh on Monday [3 August] to attend the fourth NUSYC conference to be held in Brazzaville on 9 August. He was seen off at the airport by Kang Nem, vice chairman and other cadres of the Kampuchean Revolutionary Youth Committee. [Text] [040755 Phnom Penh SPK in French 0410 GMT 4 Aug 81 BK]

'PRAVDA' AID TO KAMPUCHEA--Phnom Penh, 17 Aug (SPK)--The representative of the USSR Embassy in Phnom Penh handed over to the board of editors of the journal KAMPUCHEA on 13 August some office equipment donated by the Soviet journal PRAVDA. Speaking on the occasion, Khieu Kanharith, director general of KAMPUCHEA, expressed his sincere thanks to the PRAVDA board of editors for the donation and expressed his conviction that the bonds between the Kampuchean and USSR peoples will further develop. [Text] [BK191209 Phnom Penh SPK in French 0410 GMT 17 Aug 81 BK]

RED CROSS ACTIVITIES--Phnom Penh, 17 Aug (SPK)--The Kampuchean Red Cross had recently distributed relief goods to 1,330 families in Seng commune, Samraong District, Takeo Province. The goods included knives, hatchets, saws, chisels, planes, hammers, picks, shovels, harrows, nails, vegetable seeds and rat poison. In the border province of Battambang, Sisophon, Preah Net Preah, Phnum Srok and Battambang districts received about 8 tons of cooking oil and foodstuffs. [Text] [Phnom Penh SPK in French 0408 GMT 17 Aug 81 BK]

KHUN CHHY LEAVES FOR SRV VISIT--A delegation of the Ministry of Communications, Transport and Posts led by Comrade Minister Khun Chhy departed on 14 September for a visit to the SRV at the invitation of the Vietnamese Ministry of Communications and Transportation. Seeing Comrade Khun Chhy and the delegation off at Pochentong Airport were many cadres and personnel from the Ministry of Communications, Transport and Posts. [Text] [BK150841 Phnom Penh Domestic Service in Cambodian 1230 GMT 14 Sep 81]

POLISH FOREIGN MINISTER THANKS HUN SEN--Comrade Jozef Czyrek, foreign minister of the Polish People's Republic, recently sent a message of thanks to Comrade Hun Sen, member of the KPRP Central Committee Politburo, vice chairman of the Council of Ministers and foreign minister of the PRK. The message says: I thank you for your fraternal congratulations and salutations extended to me on the occasion of the 32d anniversary of the rebirth of Poland. I wish you good health and successes in your mission for the interest of the Kampuchean people and the cause of peace in Asia and the world. [Text] [BK170352 Phnom Penh Domestic Service in Cambodian 1230 GMT 16 Aug 81]

CAMEROON'S PAUL BIYA SENDS MESSAGE--Khieu Samphan, chairman of the State Presidium and prime minister of Democratic Kampuchea, recently received a message of thanks from Paul Biya, prime minister of the United Republic of Cameroon. The message reads in full as follows: Excellency Khieu Samphan, prime minister of Democratic Kampuchea: I am honored to inform your excellency that I have received your message of congratulations extended us on the occasion of our national day. I thank you sincerely for the message and extend best wishes to you in return. May your excellency enjoy happiness, the Democratic Kampuchean people enjoy prosperity and the friendship and cooperation between our two countries develop with every passing day. Best regards, [signed] Paul Biya, prime minister of the United Republic of Cameroon. [Text] [BK040309 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 2 Aug 81]

CSO: 4212/2

GUERRILLA GROUPS PLAN ANTI-REGIME STRATEGY

BK211040 Bangkok FOCUS in English Sep 81 pp 17-18

[Article by Errol de Silva: "Rebels' New Game Plan"]

[Text] At a series of secret meetings held over the past 2 months, four major anti-communist guerrilla groups in Laos have drawn up a three-phase strategy aimed at overthrowing the Pathet Lao administration and expelling the Vietnamese occupation forces and their Russian advisers. Lao resistance sources who attended the clandestine meetings told FOCUS that the new strategy comprises:

--Sporadic hit-and-run attacks on the government-organized heroin trails running between Savannakhet and Danang, and from Pakse to Danang. Heroin peddled by the Lao Government is believed to yield a considerable amount of foreign exchange for the Vientiane regime;

--Secondly, ambush attacks on Vietnamese field commands on active duty in Laos and their Soviet advisers; and

--The final phase to involve an expansion of military activities to a full-scale insurgency war waged on several fronts throughout the country.

The sources also disclosed that the leaders of the four rebel groups have agreed to continue the current practice of attacking smaller bands of Pathet Lao soldiers at small provincial military outposts, and seizing weapons for eventual use in the projected insurgency war.

Western military strategists earlier told the Lao rebel leaders that one sure way of obtaining weapons and ammunition was by killing the Pathet Lao troopers, and seizing their guns. The sources said, "The advice was for us to cut the throats of the Pathet Lao soldiers, and grab their arms. This seems to be working well, judging by the supplies falling into our hands."

Resistance sources claimed that the different anti-communist insurgent groups now had a combined military capacity adequate to launch limited operations in the battlefield. However, top strategists present at the meetings in secret locations on the plain of Jars advised the insurgent troops not to engage in heavy military operations at this time. Instead they were urged to carry out armed attacks on trucks and wagons transporting heroin from the refineries located around the plain of Jars through Lao territory and on to the port of Danang in central Vietnam.

Western antinarcotics operatives have established that some of the heroin ending up in Western cities originates in Laos. Investigations have shown that heroin traffickers have made contacts with Pathet Lao Government leaders in an effort to secure supplies from the Lao. This has been particularly so during the past two crop seasons when two successive droughts destroyed much of the opium crop in the golden triangle.

The Western enforcement officials have learned that the Pathet Lao Government has taken over most of the refineries on the plain of Jars, previously run by Corsican mobsters and by loyalists under Gen Vang Pao, the legendary Hmong (Meo) military leader who formerly ran an irregular army with funds secretly provided by the U.S. Central Intelligence Agency (CIA).

After the Pathet Lao seized power in the land-locked Indochinese country, the heroin trade--certainly the bulk of it--was made use of by the Kaysone Phomvihane government to enrich the state coffers. Heroin processed in the government-controlled refineries in Laos is handed over to agents of the big-time traffickers and smuggling syndicates by Pathet Lao authorities at the Danang port. For those who are rather nervous about visiting Vietnam, the Lao offer to air drop heroin packages at points in the Gulf of Tonkin off the central coast of Vietnam. This exercise, according to Western observers, is being carried out with Vietnam's full connivance.

The four underground guerrilla groups which met secretly have decided that attacks on the heroin trails will begin within the next few weeks. Resistance sources claimed that sustained pressure on these trails will weaken even further the already shaky Lao economy.

The sources contended that the Hmong insurgents were in an extremely strong position to ambush the heroin routes, since they themselves were involved in drug trafficking activities before the Pathet Lao came to power. The leader of the four insurgency movements have expressed the view that such attacks coupled with the present commando-type raids on Pathet Lao forces with the objective of building up the rebels' arms supplies will create a great deal of difficulty for the Pathet Lao regime.

Phase II of the insurgent's strategy is an extension of the first phase. The rebel leaders expect the Vietnamese troops to venture further into the countryside to help relieve the pressure on the Pathet Lao soldiers. Resistance sources said that this could happen about 2 years from now. By then the insurgents would have built up a considerably stronger military clout.

The insurgent leaders believe that with the launching of ambush attacks on the Vietnamese occupation troops and their Soviet advisers they will be able to effect at least a partial pull-back of the Vietnamese troops and Russian advisers. Said one rebel source: "The situation in Laos is quite different to that existing in Cambodia. For one thing the Vietnamese presence in Laos is much smaller, and the area being a more open terrain the occupation forces are more vulnerable to ambush and sabotage attacks. And Vietnam is likely to be rather reluctant to commit extra forces to Laos. They might be more inclined to let the Pathet Lao draw the insurgents out into the open, and then try to eliminate the rebels."

Thus the scenario would be set for a long drawn-out war, he said, and claimed that the warfare under this phase would still be confined to guerrilla insurgency. The source claimed that phase II of the strategy would move into the third phase "perhaps within 1 year," and with a sustained guerrilla effort, Laos could be liberated within the next 5 years.

The source also said that none of the insurgent leaders held even a dim hope that Laos could be freed of Vietnamese and Soviet control through negotiations. He added, "We are still following the same policy of not going into a full-scale war for the moment. We will bide our time until there is proper coordination between the anticommunist insurgent groups. It is better now. But the latest series of secret meetings were only the second time we have met. It is not easy to meet together. Traveling is difficult, but we have the determination to fight through to victory. When we do meet we draw up long-term plans as well as contingency plans should something go wrong or if the conditions change."

He disclosed that the four resistance groups were the Lanna division and the Yao insurgents currently undergoing military training in locations on the Sino-Laotian frontier; Lao army troops of the former neutralist government of Prince Souvanna Phouma operating in north central parts of Laos; and the Hmong insurgents carrying out rebel activities on the plain of Jars, right up to the Lao-Vietnamese border.

CSO: 4220/14

PEACE COMMITTEE CONDEMNS SOUTH AFRICA

BK031027 Vientiane KPL in English 0906 GMT 3 Sep 81

[Text] Vientiane, 3 Sep (KPL)--The Lao Committee for the Defence of World Peace issued a press release on 31 August condemning the aggression of South Africa against the People's Republic of Angola.

The press release runs: The South African ruling circles recently sent their troops and mercenaries to invade into the PRA aiming to assist and support the UNITA banditry gang in the overthrowing of the present government of PRA, and aiming to keep Namibia as their colony. They had used the military armed forces in colluding with the air force to carry out this invasion against the PRA.

This new foolish act of the South African apartheid regime, the press release notes, clearly showed their aggressive intention against the sovereignty and territorial integrity of the People's Republic of Angola, and it strongly violated the UN Charter. This aggression also threatened peace and security in southern African region.

Concerning this problem, the press release says, the U.S. Government must be responsible for all consequences because they had officially declared to support the apartheid regime of South Africa. This clearly showed once more that the PRA, since its foundation, has become the destroying target of the imperialists headed by U.S. imperialists.

The Lao Committee for the Defence of World Peace and the entire Lao people resolutely condemned the South African aggression against Angola and demanded the South African ruling circles to immediately and unconditionally withdraw their troops from Angola, and, to immediately grant the independence to Namibia in accordance with the UN resolution.

The LCDWP and the Lao people firmly pledged to strengthen solidarity with and support the struggles of the Angolan and Namibian peoples against the aggression of the South African apartheid regime for the cause of national independence, sovereignty territorial integrity.

We are convinced that the struggle of the Angolan people under the leadership of the National Liberation Front of Angola and that of the Namibian people under the leadership of SWAPO, with the support and assistance of the socialist countries and the peace and progressive movements, will certainly defeat the South African aggressors, the press release concludes.

CSO: 4220/8

PROPAGANDA MINISTRY ISSUES ANNOUNCEMENT ON FILMS

BK261523 Vientiane Domestic Service in Lao 0000 GMT 26 Aug 81

[Announcement issued by Ministry of Propaganda, Information, Culture and Tourism--dated 15 August read by announcer]

[Text] To all ministries, departments, ministerial-level organizations, mass organizations, local administrations, units and sections;

Subject: Management of films of all types throughout the country;

On the basis of order and regulations No 156/157 dated 3 June 1981 issued by the Council of Ministers on the authority and sphere of management and distribution granted to the film distribution organization, Ministry of Propaganda, Information, Culture and Tourism, the ministry, implementing the contents and spirit of the order and regulations, proposes that the various ministries, ministerial-level organizations, mass organizations, departments, units, sections and private citizens possessing films of all types do the following:

1. They must inform in writing the film distribution and screening organization, cinematographic department, of the number of films, projectors and cameras in their possession. They should itemize the types of films--short or long documentary films, short or long motion-picture films, number of rolls, and the sizes of films, 8, 16 or 35 mm. The film producing companies, countries and owners of films must be identified. The purposes of bringing the films into the country must be stated.
2. After notifying the film distribution and screening organization, all their films must be handed over to this organization for examination, management and registration. Reply letters will be sent later.
3. Any office or organization wishing to retain some types of films, for example, educational films for specialized work or scientific and technical films needed for its regular use, must submit a request to the propaganda ministry through the film distribution and screening organization, stating its purposes and the need to retain such films. Upon approval by the propaganda ministry, the film distribution and screening organization, after studying the request, will issue a license. By so doing, retention of the films will be legal and authorized.

4. Offices, organizations and the public can contact the film distribution and screening organization to borrow or hire films or equipment for their use in accordance with the current procedures being implemented by the organization.

5. As from the date of this announcement, the screening of any film--both socialist and capitalist--without written permission from the Propaganda, Information, Culture and Tourism Ministry will be regarded as an action violating articles 1, 2 and 3 of the order dated 3 June 1981 issued by the Council of Ministers.

The Ministry of Propaganda, Information, Culture and Tourism hopes that this announcement will be implemented by ministries, ministerial-level organizations, offices, mass organizations and local administrations. This is to check the uncontrolled import of foreign films, some of which may adversely affect society and culture and which may run counter to the line of socialist construction in our country.

[Signed] Ounheuan Phounsavat, acting minister

Vientiane

CSO: 4206/3

DROP IN BORDER TRADE SAID TO REFLECT DECLINING PURCHASING POWER

Bangkok THE NATION REVIEW in English 15 Sep 81 p 9

[Article by Pairoj Poompradit]

[Text]

NONG KHAI - The doldrums that have hit the Thai-Lao border trade since the beginning of this year continue to haunt traders on both sides of the Mekhong River.

"The drop in border trade between Thailand and Laos is obvious. There are no signs yet of any improvement. Last year, an average of about 100 traders crossed the river from this side to the Laotian side every day to conduct their business on the local and small level. But now, there aren't more than 30 each day," an official at Tha Sadet border checkpoint at this northeastern city told *The Nation*.

Tha Sadet is the only crossing point from Thailand to Laos at the moment, the other being for ferrying cargo known locally as "Tha Pae Kananyont."

The official said he didn't understand the factors behind the drastic decline in the Thai-Lao border trade. "From what the traders have told me, their complaints usually are that they can't sell their products on that side and the profit margin is dwindling as well," he said.

Latest official figures from the Bank of Thailand for the Northeast region said that the Thai-Lao border trade had "suffered tremendously."

The report said that in the first half of this year, Thailand exported only 156.3 million baht worth of goods to Laos and imported only 15.4 million baht from that country in the same period....

The figures tell the story. They

represent a 68.2 per cent drop in Thai exports to Laos and a 26.7 per cent drop in imports from that country.

The central bank blamed "the devaluation of the Laotian kip currency which had in turn reduced the purchasing powers of the people there" as the main reason behind the drastic decline in trade between the two countries.

The same set of figures shows that among the Thai exports to Laos, 55.1 per cent were consumer products while 25.2 per cent were capital goods. Thailand's main import item from Laos was processed wood. In the first six months of this year, import of timber from Laos alone dropped by 87.4 per cent.

Informed sources said that several companies registered with the Commerce Ministry to trade with Laos had backed out from their businesses.

Smuggling has, likewise, gone down, according to local officials, again attributing the decline to the much-reduced purchasing power among Laotians.

The regulations for smaller traders say that each of them could cross the border with no more than 20,000 baht worth of goods on each trip. They may not be required to pay export tax on the Thai side, but they do pay customs once they reach the Laotian side.

"But it doesn't mean that the traders don't pay any tax to the Thai Government at all. They have to obtain permits to get their

goods across the border for every trip. The Revenue Department, based on the permits, could then demand payment of income tax and business tax from the traders," local officials explained.

They said smuggling of money and gold, once a brisk business, has also gone down in the past months.

"We presume that there are two reasons for this: For one thing, gold prices on the Thai side are now lower. For another, the amount of gold and ornaments in Laos must have also come down quite considerably as well since the rich and the middle-class people have fled, leaving behind only the poor," the Thai officials said.

Thai authorities do place strict control measures on what are known as "strategic goods," which must come under careful screening by the Thai officials before they are allowed to cross over the Mekong River to the other side.

"It's all a matter of high-level policy," said a local official, who himself believes that the definition of "strategic goods" may be debatable at times.

"Sometimes, I doubt that bicycles, torchlights and food seasoning could be described as strategic goods. But what is certain is that such control measures tremendously reduces our income from Laos," a local senior official said.

CSO: 4220/7

TENDER NOTICE ISSUED FOR FORESTRY DEVELOPMENT PROJECT

Vientiane BULLETIN QUOTIDIEN in English 9 Sep 81 p 7

[Text] The Department of Finance of the Ministry of Industry and Commerce (MIC) invites sealed tenders from member countries of the Asian Development Bank (ADB) for: The design, supply, delivery, installation and commissioning of a saw mill, grading plant and sawwood drying kilns.

To be financed in various currencies from the special Funds resources of ADB under the Lao Forestry Development Project. Such project is to be implemented by MIC through the Wood and Rattan Industry Company, a State-owned company under the jurisdiction of MIC.

Tender documents can be obtained on any working day during office hours from 8.00 a.m. to 5:00 pm (Lao time) upto 15th January 82 on payment of a non-refundable sum of US\$ 50 per set from:

Department of Finance
Ministry of Industry and Commerce
Vientiane
Lao PDR.

CSO: 4220/7

BRIEFS

VIENTIANESE DOCUMENTARY FILM--Vientiane, 27 Aug (KPL)--The Vietnamese ambassador to Laos, Nguyen Xuan, on 25 August presented the Lao Ministry of Propaganda three copies of a documentary film. The film is on the celebration of the 5th founding anniversary of the Lao People's Democratic Republic. Ounheuan Phounsavat, acting minister of propaganda, information, culture and tourism received the gifts from Nguyen Xuan. [Text] [Vientiane KPL in English 0900 GMT 27 Aug 81]

MEDALS FOR SRV EXPERTS--Vientiane, 27 Aug (KPL)--The Lao Ministry of Communication, Public Works and Transport on 25 August held at the kilometre 4 ferry a ceremony of presentation of friendship medals to Vietnamese technicians. The honoured recipients have for some time helped Laos in designing and making transport barges each capable of taking 50 tons of cargo. [Text] [Vientiane KPL in English 0902 GMT 27 Aug 81]

SRV PROVINCIAL PARTY DELEGATION--Vientiane, 26 Aug (KPL)--The Communist Party of Vietnam delegation of the northern Ha Nam Ninh Province led by its acting-secretary, Pham Van Dong, paid an official visit to the Lao northern Oudomsai Province on 23 August. Questions on cooperation and mutual assistance between the two provinces were discussed. This was aimed to enhance fraternal solidarity between the two provinces of Laos and Vietnam. [Text] [Vientiane KPL in English 0958 GMT 26 Aug 81]

PHOUMI VONGVICHIT AT SCHOOL CEREMONY--Vientiane, 1 Aug (KPL)--The Teachers Training School No 4, on 29 July organized [a ceremony] here on the ending occasion of its 1980-81 school-year. Present on this occasion were Phoumi Vongvichit, vice premier and minister of education, sports and religious affairs, and other high-ranking officials. On this occasion, the director of the school, Doungta Fouangmala, reported to the audience the past works of the school. Nearly 500 final year students have graduated from this school in this 1980-81 school year, he said. Phoumi Vongvichit, at the end, addressed the gathering stressing on the important roles of the teachers in the new regime. He also appealed to all the new teachers to use their abilities and effort in the tasks of socialist construction. He finally stressed on the present world situation concerning the struggle of the national liberation movements and the justice and peace-loving people. [Text] [BK011328 Vientiane KPL in English 0932 GMT 1 Aug 81]

THANKS FROM POLISH LEADERS--Vientiane, 13 Aug (KPL)--General Secretary of the Lao party and Chairman of the Council of Ministers Kaysone Phomvohan, and President of the Republic and of the People's Supreme Assembly Souphanouvong recently received

a message of thanks from Polish leaders for their National Day greetings. The message was jointly sent by Stanislaw Kania, first secretary of the Polish United Workers' Party CC, Henryk Jablonski, president of the State Council, Wojciech Jaruzelski, chairman of the Council of Ministers, and Stanislaw Gucwa, president of the SEJM. On this occasion, the Polish leaders expressed their conviction that the fraternal friendship and solidarity between the two countries' parties, governments and peoples will further be enhanced for their mutual benefits and for the cause of peace, progress and socialism. [Text] [BK131036 Vientiane KPL in English 0916 GMT 13 Aug 81]

TRANSPORT DELEGATION BACK FROM SRV--Vientiane, 7 Sep (KPL)--A delegation of the Communication, Public Works and Transports [Ministry] led by its acting minister, Khamphoui Keoboulapha, returned home on 5 September after ending the official visit to Vietnam. During its stay in Vietnam, the Lao delegation had signed an agreement on communication, public works and transports with its Vietnam counterpart. Greeting the delegation at the airport were high-ranking officials of the said ministry. Nguyen Xuan, Vietnamese ambassador to Laos, was also present. [Text] [BK071149 Vientiane KPL in English 0908 GMT 7 Sep 81]

INDUSTRY DELEGATION BACK FROM GDR--Vientiane, 17 Sep (KPL)--A delegation of Industry and Trade Ministry led by its Deputy Minister Nousai Sitthisai, returned home on 18 September from the German Democratic Republic. The delegation had previously participated in the annual Leipzig fair which was held on 6-12 September. [Text] [Vientiane KPL in English 0908 GMT 17 Sep 81]

PEACE DEFENSE DELEGATION HOMEBOUND--Vientiane, 14 Sep (KPL)--The delegation of the Committee for the Defence of World Peace headed by Son Khamvanvongsa, deputy-minister of propaganda, information, culture and tourism and secretary of the committee arrived here on 12 September from the Soviet Union. The delegation previously attended a conference of the committees for the defence of world peace of socialist countries which was held in the Soviet Union from 7 to 10 September. [Text] [Vientiane KPL in English 0909 GMT 14 Sep 81]

SWEDISH GRANT--Vientiane, 17 Sep (KPL)--A memorandum on aid was signed here on 15 September between Laos and Sweden. Under the term of the memorandum, the Swedish Government is to give a grant of 5 million Swedish kronor for the development of forestry, irrigation and communication in Laos. This grant comes under the 1981-82 agreement on economic and social cooperation between Laos and Sweden. Previously, the Swedish Government gave Laos a grant which amounted to 50 million kronor. Signing the document were, on the Lao side, Kham-Ouan Boupha, deputy minister of agriculture, forestry and irrigation, and on the Swedish side, Mats Aberg, charge d'affaires of the Swedish Embassy to Laos. After the signing ceremony both men expressed their satisfaction over the friendship relations and cooperation existing between the two countries. [Text] [Vientiane KPL in English 0910 GMT 17 Sep 81]

SAVANNAKHET DELEGATION TO SRV--Vientiane, 17 Sep (KPL)--A delegation of propaganda, information, culture and tourism service of the southern Savannakhet Province led by its Deputy Head Thongsaul Khotvongsai, head of the Radio Broadcasting and News Agency of the province, on 12 September left for the Socialist Republic of Vietnam. The Lao delegation will pay a 10-day friendship visit to the Vietnamese Binh Tri Thien Province. [Text] [Vientiane KPL in English 0909 GMT 17 Sep 81]

BUDDHIST CONFERENCE--Vientiane, 17 Sep (KPL)--The Lao Buddhist Association of Chanthabouli District, Vientiane Municipality, on 15 September closed its conference after 1 week sitting. A total of 289 clergies from various temples in the district attended this conference. Present on this occasion were Venerable Thongkhoun Anantasounthon, president of the Lao Unified Buddhist Association and Khamphon, president of the Administrative Committee of Chanthabouli District. [Text] [Vientiane KPL in English 0913 GMT 17 Sep 81]

SOUPHANOUVONG ON LIBYAN NATIONAL DAY--Vientiane, 1 Sep (KPL)--Souphanouvong, president of the Lao People's Democratic Republic, on 1 September sent a message of greetings to Mu'ammarr al-Qadhdhafi, president of the Socialist People's Libyan Arab Jamahiriyyah. The message writes: "On the 12th anniversary of the SPLA National Day, on behalf of the Lao people, the government of the LPDR and on my own behalf, I am most happy to convey to you and, through you, to the friendly Libyan people my warmest congratulations and best wishes of happiness and prosperity. I also would like to wish you new and still greater successes in the struggling cause against imperialism headed by U.S. imperialists and against all reactionary forces--particularly the Israeli Zionists--for peace and national independence in the Middle East region." The message finally wishes for the strengthening of friendship relations between the peoples of the two countries. On the same occasion, Phoun Sipaseut, vice-premier and minister for foreign affairs, also sent a greeting message to his Libyan counterpart, Dr 'Ali 'Ab al-Salam al-Turayki. [Text] [BK011121 Vientiane KPL in English 0937 GMT 1 Sep 81]

TRANSPORT DELEGATION TO SRV--Vientiane, 28 Aug (KPL)--A Lao delegation of Communication, Public Works and Transport [Ministry] led by its acting minister, Khamphoui Keoboulapha, on 27 August left here for the Socialist Republic of Vietnam. During this friendship visit, the Lao delegation will sign an agreement on the communication and transport cooperations between Laos and Vietnam for the year 1981-82. [Text] [Vientiane KPL in English 0916 GMT 28 Aug 81]

SAVANNAKHET DELEGATION TO SRV--Vientiane, 31 Aug (KPL)--A delegation of the Lao southern Savannakhet Province led by Bouakham Sathouphan, secretary of the party committee of the said province, on 29 August left for Binh Tri Thien, the central province of the Socialist Republic of Vietnam. The Lao provincial delegation will participate in the 36th anniversary of the Vietnamese National Day which will be held on 2 September 1981 in the said Vietnamese province, thus aiming to strengthen and consolidate the existing special combatant solidarity between the two provinces and the two countries as well. [Text] [BK010333 Vientiane KPL in English 0905 GMT 31 Aug 81]

DELEGATION TO USSR, BULGARIA--Vientiane, 28 Aug (KPL)--A delegation of the Book Distributing Office led by Sitha Phengphengmouang, head of the Publishing House Department, on 26 August left here to attend the third international book fair. The fair is to take place in the USSR from 2 to 9 September. The Lao delegation will confer with socialist officials on 4 September on the question of book distribution. After the USSR, the delegation will attend the international book fair in the People's Republic of Bulgaria. [Text] [BK010333 Vientiane KPL in English 0918 GMT 28 Aug 81]

ECONOMIC MANAGEMENT CONFERENCE--Vientiane, 31 Aug (KPL)--The Ministry of Industry and Trade, on 28 August, closed its conference on economic and state-owned enterprise management after 12 days of sitting. Personalities among those present at the closing ceremony were Sali Vongkhamsao, vice-premier and chairman of the National Planning Committee; Thongdam Chanthaphon, deputy-minister to the premier's office; and Nousai Sitthisai, deputy-minister of industry and trade. Vice-premier Sali Vongkhamsao, in his speech addressing at the closing ceremony, stressed on the important roles of the economic construction tasks. He also appealed to all the participants to do their utmost to contribute to the national economic construction in accordance with the party and state's economic lines. The vice-premier highly praised the success of the conference. [BK010333 Vientiane KPL in English 0902 GMT 31 Aug 81]

MALAYSIAN NATIONAL DAY RECEPTION--Vientiane, 1 Sep (KPL)--Charge d'affaires A.I. of Malaysia Anaitullah Karim yesterday evening gave a reception here to mark Malaysia's National Day. Among personalities present at the function were Phoun Sipaseut, vice premier and minister for foreign affairs; members of the Council of Ministers, People's Supreme Assembly, and the Lao Front for National Construction. Members of the diplomatic corps and representatives of international organizations were also on hand. The reception proceeded in an atmosphere of warm friendship. [Text] [Vientiane KPL in English 0947 GMT 1 Sep 81]

VIETNAMESE PHOTO EXHIBITION--Vientiane, 1 Sep (KPL)--The Ministry of Propaganda, Information, Culture and Tourism, the Laos-Vietnam Friendship Association and the Vietnamese Embassy to Laos, on 31 August opened here a photo exhibition to mark the 36th anniversary of the National Day of the Socialist Republic of Vietnam. The photos on display were on the achievements in national construction in the past 5 years and the development of the friendship relations between the parties and peoples of Laos and Vietnam. Among personalities present were Phoun Sipaseut, member of the Political Bureau of the Lao People's Revolutionary Party CC, vice premier and minister for foreign affairs; Chanmi Douangboudi, member of the party CC, minister to the premier's office and party secretary of Vientiane Municipality and Province; Ounheuan Phounsavat, acting minister of propaganda, information, culture and tourism, vice president of the Laos-Vietnam Friendship Association; along with representatives of various mass organizations. Nguyen Xuan, Vietnamese ambassador, members of the diplomatic corps and the international organizations to Laos were also present. On the evening of the same day, a Vietnam film week was inaugurated here. [Vientiane KPL in English 0949 GMT 1 Sep 81]

VISA AGREEMENT WITH POLAND--Vientiane, 11 Sep (KPL)--Laos and Poland, on 10 September signed here a bilateral visa agreement. Foreign diplomatic and service passport holders of these countries can reciprocally enter Laos and Poland without the requirement of visas. Signing were on the Lao side Khoun Chandeng, deputy minister for foreign affairs and on the Polish side Marek Czurey, Polish ambassador to Laos. The signed agreement is to enhance the friendship relations, cooperation and the fraternal friendship relations between Laos and Poland based on Marxism-Leninism and proletarian internationalism. [Text] [BK121225 Vientiane KPL in English 0914 GMT 11 Sep 81]

EDUCATION DELEGATION TO VIETNAM--Vientiane, 12 Sep (KPL)--A delegation of the Education, Sports and Religious Affairs Ministry led by its deputy-minister, Uttama Chounlamani, on 10 September left here to the Socialist Republic of Vietnam. An agreement on educational cooperation between Laos and Vietnam will be signed in Hanoi by the Lao delegation and the Vietnamese Ministry of Universities and Secondary Vocational Training. [Text] [BK121225 Vientiane KPL in English 0914 GMT 12 Sep 81]

INDUSTRY DELEGATION TO BUDAPEST--Vientiane, 12 Sep (KPL)--A delegation of the Lao Industry and Trade Ministry led by its office head, Bounmak Inthavong this morning left here for the Hungarian People's Republic. The Lao delegation will participate at the international handicrafts fair in Budapest which is scheduled to be held from 18 to 27 September. Seeing the delegation off at Wattai Airport were Lao officials and Toroczik Bela, charge d'affaires of the Hungarian Embassy to Laos. [Text] [BK121225 Vientiane KPL in English 0916 GMT 12 Sep 81]

PROVINCIAL DELEGATION HOMEBOUND--Vientiane, 12 Sep (KPL)--A delegation of the Central Savannakhet Province led by Bouakham Sathouphan, secretary of the party committee and chairman of the Administrative Committee of the said province, on 6 September returned home after ending its friendship visit to the Vietnamese Binh Tri Thien Province. During its stay in the Vietnamese province, the delegation had contributed in the 36th anniversary of the Vietnamese National Day and visited some production bases and historical sites in the said province. [Text] [BK121225 Vientiane KPL in English 0917 GMT 12 Sep 81]

EDUCATION CEREMONY--On the afternoon of 1 August, the administration of the worker-peasant cultural training school of the Ministry of Education, Sports and Religious Affairs held a ceremony to review results of the final examinations taken by the students for the 1980-1981 school year. The chairman of the school's board of directors read a report on the results of the final examinations of the 194 students attending the school. Vice Premier and Education Minister Phoumi Vongvichit, who attended the ceremony, addressed the meeting. First of all, speaking on behalf of the Education Ministry, Phoumi Vongvichit hailed the outstanding achievements recorded by all departments of the school during the past year. At the same time, he also noted the significance of the school, whose policy is to admit worker and peasant youths throughout the country for training programs in modern science and technology so that they can effectively contribute to national defense and construction. In conclusion, he encouraged all teachers and students to maintain a high level of vigilance and to be determined to overcome all difficulties in the new period of the revolution so as to fulfill all their duties. [BK040540 Vientiane Domestic Service in Lao 0000 GMT 4 Aug 81]

GUERRILLAS' PATROL ACTIVITIES--Since late May 1981, guerrillas of Sinsai Canton, particularly of Khai Gnao and Sinsai villages, in Paksan District, Vientiane Province, have regularly carried out patrol activities to maintain peace and public order in their localities. On 10 and 17 June, the guerrillas of the two villages attacked a number of bandits who crossed over from the Thai bank to plunder property including cattle of the people in the villages. The bandits were duly punished. [BK270839 Vientiane Domestic Service in Lao 0400 GMT 25 Aug 81 BK]

NEW SWEDISH ENVOY--On the evening of 8 August, Phoun Sipaseut, vice premier and foreign minister, received Ernst Axel Edestam, the new ambassador extraordinary and plenipotentiary of the Kingdom of Sweden to the LPDR, after the latter had presented his credentials to the LPDR president on 4 August. During the courtesy call, the host and guest held a conversation on various topics related to diplomatic affairs. They dealt in particular on ways to develop relations and cooperation between the two countries--Laos and Sweden--for the benefit of each country. At the same time, Phoun Sipaseut also expressed his sincere thanks to the Swedish Government and people for rendering assistance and cooperation to the Lao Government and people, both in the past and at present. [Text] [BK111244 Vientiane Domestic Service in Lao 0000 GMT 11 Aug 81]

CPSU PUBLIC SERVANTS DELEGATION--Vientiane, 10 Sep (KPL)--A delegation of the public servants of the CPSU headed by N. I. Sonnov, secretary of the Tchelizbinsk Province, arrived here on September 9. The delegation in the morning of September 10 paid a courtesy visit to Ounheuan Phounsavat, acting minister of propaganda, information, culture and tourism. Present on this occasion was Rachit Khamidouline, counsellor of the Soviet Embassy to Laos. Talks were held between the Lao Propaganda and Training Board and the visiting delegation. Somlat Chanthamat, deputy head of the propaganda and training board of the Lao party headed the Lao side at the talks which are aimed to exchange views on propaganda and training work. [Text] [BK101223 Vientiane KPL in English 0923 GMT 10 Sep 81 BK]

JOURNALISTS SOLIDARITY RECEPTION--Vientiane, 10 Sep (KPL)--The Soviet cultural center in Vientiane, on September 8, held a friendship reception to mark the International Journalists Solidarity Day. Present at the reception were the deputy heads of the press and newspaper department, of the Lao National Radio and officials of the press department of the Foreign Ministry, the representatives of the TASS agency and Soviet PRAVDA newspaper to Laos. Taking the floor, Nikolay Khomenkov, first secretary of the Soviet Embassy to Laos in charge of cultural and press work, stressed on the role of journalists of socialist and other peace-loving countries in the world who are spokesmen and important assets of the working-class and laboring people whose role is to record and present authentic facts to the people struggling for independence, peace and security of the world laboring people. [Text] [Vientiane KPL in English 0926 GMT 10 Sep 81 BK]

BULGARIAN NATIONAL DAY RECEPTION--Vientiane, 10 Sep (KPL)--Zhecho Radunov, Bulgarian ambassador to Laos, on September 9, held at his residence a reception to mark the Bulgarian National Day. Present at the reception were Phoumi Vongvichit, vice premier and minister of education, sports and religious affairs; Phoun Sipaseut, vice premier and minister for foreign affairs; Sali Vongkhamsao, vice premier and chairman of the National Planning Committee and other members of the government. Members of the diplomatic corps and international organizations to Laos were also on hand. The reception proceeded in an atmosphere of friendship and cordiality. [Text] [Vientiane KPL in English 0921 GMT 10 Sep 81 BK]

RADIO DELEGATION TO HANOI--Vientiane, 7 Sep (KPL)--A Lao delegation led by Chaleun Vongsam-ang, director of the National Radio, on September 5, left here for Hanoi to attend the international conference on Asia and Pacific radio broadcasting development. The conference is going to open on September 7 to 19. Seeing the delegation off at Wattai Airport were deputy-directors of Lao National Radio and other officials. [Text] [BK071147 Vientiane KPL in English 0913 GMT 7 Sep 81]

DELEGATION TO USSR--Vientiane, 2 Sep (KPL)--A delegation of the Lao [committee] for the defence of world peace headed by its secretary Son Khamvanvongsa, who is also deputy minister of propaganda, information, culture and tourism, yesterday left here for the Soviet Union. The delegation is to attend the consultative meeting of World Peace Council scheduled to be held from September 7 to 10 in the USSR. [Text] [BK030603 Vientiane KPL in English 1000 GMT 2 Sep 81 BK]

SRV AMBASSADOR'S LECTURE--Vientiane, 2 Sep (KPL)--Nguyen Xuan, the Vietnamese ambassador, yesterday presented a lecture to mark the 36th founding anniversary of the Socialist Republic of Vietnam. The lecture was jointly organised by the Ministry of Propaganda, Information, Culture and Tourism, and the Laos-Vietnam Friendship Association. Among those present were Khambou Soumisai, head of the National Labor and Wage Committee; Phouvong Phimmason, secretary general of the Laos-Vietnam Friendship Association, and other high-ranking officials. On this occasion, the Vietnamese ambassador briefed the all-round achievements scored in the past 5 years in the tasks of national safeguarding and socialist construction. The enhancements of the special combatant solidarity and all-round cooperation between Laos and Vietnam was also highlighted by Ambassador Nguyen Xuan. [Text] [Vientiane KPL in English 1001 GMT 2 Sep 81 BK]

PROVINCIAL VIETNAMESE DELEGATION--Vientiane, 2 Sep (KPL)--A delegation of the provincial party committee of Ha Nam Ninh of the Socialist Republic of Vietnam, headed by Pham Van Bong, on August 30, left the Lao northern province of Oudomsai for home after ending its friendly visit to the said province. During his stay in Oudomsai, Pham Van Dong led his delegation to exchange views on the party cooperation between the two provinces with his Lao counterpart. The Vietnamese delegation also visited some production bases in the province. [Text] [Vientiane KPL in English 0958 GMT 2 Sep 81 BK]

DPRK NATIONAL DAY RECEPTION--Vientiane, 9 Sep (KPL)--Ambassador of the Democratic People's Republic of Korea to Laos Yun Chong-sop, on September 8, gave a reception here to mark the 33rd National Day of the DPRK. Present on this occasion were Phoun Sipaseut, vice-premier, minister for foreign affairs; Maisouk Saisompheng, minister of industry and trade, president of the Lao Committee for Support of Peaceful Reunification of Korea, and a number of high-ranking officials. Member of the diplomatic corps and representatives of international organizations to Laos were also on hand. The reception proceeded in a warm atmosphere of friendship and cordiality. [Text] [BK101121 Vientiane KPL in English 0927 GMT 9 Sep 81 BK]

VIETNAMESE FILM WEEK--Vientiane, 9 Sep (KPL)--A Vietnamese film week organized by the Ministry of Propaganda, Information, Culture and Tourism, in collaboration with the Vietnamese Embassy to Laos, was closed here on September 7. The film week was to mark the 36th National Day of the Socialist Republic of Vietnam. Present on the closure-ceremony were Phoun Sipaseut, Political Bureau member of the party Central Committee, vice-premier and minister for foreign affairs; Chanmi Douangboutdi, member of the party CC, minister to the premier's office, secretary of the party committee of Vientiane Province; Ounheuan Phounsavat, acting-minister of propaganda, information, culture and tourism, along with other officials, diplomatic envoys and international organizations' representatives to Laos were also on hand. [Vientiane KPL in English 0929 GMT 9 Sep 81 BK]

HEROES DELEGATION RETURNS--Vientiane, 7 Sep (KPL)--A delegation of Lao heroes led by Khamkang Soulivong, deputy air chief commander, on September 5 arrived here from the Socialist Republic of Vietnam after ending its friendship visit. Meeting the delegation at the airport were Thongdam Chanthaphon, deputy minister of the premier's office, Major General Inkong, deputy head of the Political Bureau of the armed forces; Bouahan, head of medal institute and other high-ranking officials. Vietnamese Ambassador Nguyen Xuan and other staff members of the embassy to Laos were also present. During more than 1 month of its staying in Vietnam, Khamkang Soulivong led his delegation to call on Vietnamese leaders. The Lao delegation also visited several historical sites, revolutionary and production bases in all parts of Vietnam. [Text] [Vientiane KPL in English 0903 GMT 7 Sep 81 BK]

AUSTRALIAN BOOKS EXCHANGE PROGRAM--Vientiane, 7 Sep (KPL)--Australian Ambassador Philip Frederick Peters, on September 5, presented a collection of Australian books to the Lao National Library. Twenty-five volumes of books which are parts of the exchange program between the national libraries of the two countries were handed over on the occasion of the meeting between the ambassador and the Lao deputy premier and minister of education, sports and religious affairs, Phoumi Vongvichit. [Text] [Vientiane KPL in English 0906 GMT 7 Sep 81 BK]

LITERACY CAMPAIGN DAY RALLY--Vientiane, 9 Sep (KPL)--The Ministry of Education, Sports and Religious Affairs, on September 8, organized here a mass rally celebrating the 14th anniversary of the international literacy campaign day. Present on this occasion were Phoumi Vongvichit, Political Bureau member of the party Central Committee, vice-premier, minister of education, sports and religious affairs, and vice-chairman of the national committee for the literacy campaign; Uttama Chounlamani, deputy-minister of education, sports and religious affairs, and other officials from various state institutions in Vientiane Province. Representatives from international organizations to Laos were also present on this occasion. Phoumi Vongvichit, on this occasion, read out his appeal to the entire Lao people on the significance of the international literacy campaign day. [Vientiane KPL in English 0921 GMT 9 Sep 81 BK]

CSO: 4220/10

BRITAIN OFFERS MILITARY AID TO PAKISTAN

Karachi BUSINESS RECORDER in English 14 Sep 81 p 3

[Text]

LONDON, Sept 13: Britain has offered increased military training assistance to Pakistan and was looking into the possibility of meeting some of her needs for defence equipments, PPI learnt here.

Informed sources here said that Britain was also considering, alongwith its allies, further measures of economic assistance to Pakistan.

These sources said the British Government had reviewed its defence policy in South-West Asia, following the Soviet invasion of Afghanistan which it feels had obviously profoundly undermined stability in the region.

They said Britain would continue to contribute to the security of her friends and allies in the region by providing defence equipment and military training assistance.

Periodic deployment of naval air and land forces to the area will be maintained in consultation with the respective countries. For the moment any need to re-

establish a substantial permanent United Kingdom military presence in the area has been ruled out. In addition there was also no question of going back to the age of bases and pacts.

Moreover, Britain was not convinced that the presence to a Western military force in the region was the right answer. Nevertheless, detailed discussions are continuing among members of the NATO against a background of the major strategic issues facing the alliance in the light of the Soviet invasion of Afghanistan for stability in South-East Asia, and the implications of that West Asia.

These sources said, during her forthcoming visit to Islamabad on Oct 8, the British Prime Minister Mrs. Margaret Thatcher will hold important discussions on latest developments in the wake of the Soviet occupation of Afghanistan besides bilateral matters with President General Mohammad Zia-ul-Haq.—PPI

CSO: 4220/3

STRAINS ON DEBT SERVICE PAYMENTS

Islamabad THE MUSLIM in English 11 Sep 81 p 7

[Text]

That the debt-servicing liability of foreign loans is exerting increasing strains on Pakistan's foreign exchange resources is borne out firstly by the increased allocations for debt-servicing in the 1981-82 budget and secondly by the reduction in the net inflow of foreign loans to a trickle after taking into account the repayment of current maturity.

The interest liability, anticipated during 1981-82 on foreign loans, as provided for in the budget, increased by 21.1 per cent to Rs. 2,884,299 million over the 1980-81 revised estimates of Rs. 2,373,621 million. Additionally, the appropriations for the purpose of reducing or avoiding debt burden accounted for Rs. 2,666,681 million, showing 14.68 per cent increase over the preceding year's amount of Rs. 2,466,399 million.

The break-up of the above allocations for interest payments on foreign loans shows that interest on foreign loans would account for Rs. 1,503,514 million, interest on IMF Drawings Rs. 782,100 million and interest on food credits was estimated at Rs. 598,485 million.

The interest charges on foreign loans, in fact, were reduced by Rs. 464,173 million due to relief or rescheduling of certain instalments and interest charges, allowed by the consortium members.

The reduced amount of net availability of foreign aid is evident from the fact that out of the estimated gross inflow of foreign loans during 1980-81 of the order of 1031 million dollars, the debt-

service payments are expected to absorb 684 million dollars. As a result, the net availability of fresh loans has fallen off to an insignificant amount of \$ 347.00 million compared with \$ 588.00 million in the preceding year. The debt-service payments work out to about 66 per cent of gross aid inflow while only 34 per cent is available as net transfer. The ratio of debt-service payments to export earnings in 1980-81 worked out to about 24.42 per cent. However, foreign debt-service ratio to total foreign exchange earnings, including home remittances, worked out to 13.56 per cent.

It may however be pointed out that if the country had not received relief in the form of rescheduling for the payments of current instalments and interest thereon in respect of Consortium loans, the debt-service liability during 1981-82 would have been still higher and the repayment of current instalments would have left a very insignificant amount out of the current inflow of fresh foreign loans. The memorandum of understanding on debt relief signed on 14th January, 1981 provided for relief to the extent of \$ 232 million in respect of some of the current maturities during 1981-82. It will be agreed that the aforesaid debt-relief (postponement of current repayments) is relatively very insignificant while the period of

this rescheduling covers only 18 months upto July 14, 1982. This means that the next year's budget is likely to carry the heaviest-ever brunt of debt-service liability because by that time, the moratorium on current repayments would

be over.

The gross amount of foreign loans sanctioned or committed to Pakistan by the end of 1980, since 1950 stood at \$ 17,800 million which represented an increase of \$ 1,600 million or about 10 per cent increase over the previous year's total foreign debt of \$ 16,200 million.

Actual disbursements of foreign aid/loans to Pakistan by the end of December, 1980 amounted to \$ 11,100 million compared with the previous year's 10,100 million dollars. Repayments made by the country so far amounted to only \$ 2,500 million and the outstanding debt was of the order of \$ 8,900 million as on 31st December, 1980 as compared with \$ 8,000 million at the end of December, 1979.

Thus, it may be pointed out that despite fairly handsome increase in export earnings—to the extent of 19.60 per cent—to an estimated amount of \$ 2,800 million (1979-80: \$ 2,340.9 million) combined with 21 per cent increase in remittances from overseas Pakistanis to \$ 2,284 million (1979-80: \$ 1,895 million) in 1980-81, the country's economy continues to drift away from the goal of self-reliance.

In addition to rather sharp increase in the annual debt-service liability and consequent nullifying of a positive impact of foreign loans, the strident rise in the prices of imported goods such as plant and machinery, petroleum oil, chemicals, iron and steel and other metals, transport vehicles and a wide range of industrial raw materials, continues to neutralise the favourable impact of increase in exports.

BANKERS CREDIT TO SMALL FARMERS DISCUSSED

Karachi BUSINESS RECORDER in English 15 Sep 81 pp 1, 3

[Text]

The State Bank Governor, A. G. N. Kazi, yesterday called upon the bankers to break the "vicious circle" which makes the resources raised by the banks in rural areas flow to urban areas, where loans are easier and cheaper to administer and credit risks are lower.

He was inaugurating a two-week seminar in Karachi on the "Central Bank Measures for Strengthening Agricultural Credit Provision to Small Farmers". The seminar has been organised by the SBP in collaboration with FAO and Near East and North Africa Region Agricultural Credit Association.

Delegates from Pakistan, Libya, Syria, People's Democratic Republic of Yemen, Jordan, Cyprus, Morocco, Sudan, Somalia and Yemen Arab Republic are attending this seminar.

A. G. N. Kazi stressed that for meaningful development there should be equitable distribution of resources among the population instead of appropriation by the privileged urban class.

He said that it is futile to assert that resources for development will automatically flow to backward rural areas. Active intervention and sustained efforts of the Government and Central Banks in the context are necessary he added.

The SBP Governor said that the central banks of developing countries share the responsibility for economic development and have to play a vital role in creating a sound agricultural credit system.

APP adds

He said that they have to promote, foster and develop credit institutions to service the credit requirements of agriculturists with a view to replacing the non-institutional sources.

Kazi suggested the measures which the central banks can take in this regard: provision of resources to the credit institutions by direct investment or by way of providing short, medium and long-term loans on concessional terms, devising of measures to assist the credit institutions in mobilisation of savings, inspection and supervision of credit institutions for ensuring development of sound practices and procedure in their operations providing required training facilities for the personnel manning the credit institution, participating in the setting up of new credit institutions and coordinating the activities of various credit institutions in the field".

COOPERATIVE APPROACH

About Pakistan's experience in the field of agricultural credit, he said:

"It was more than 70 years ago that some efforts were made to organise the agriculturists into co-operatives on self-help basis and to channel funds to farmers through the co-operatives. Though a large number of cooperative credit societies were organised, many of them failed and went into liquidation. Causes of the failure were the underlying feudal structure of the society at that time and prevalence of illiteracy and backwardness which militated against any meaningful and genuine rural community development."

"Despite these early failures, we persisted with the cooperative approach as we felt that it was the most promising measure of channelling credit to the small farmers. At present there are many thousands of cooperative credit societies in the country and more than a quarter of total agricultural credit is being channelled through the co-operatives. In

the recent past the central bank has assumed a more active role in promoting cooperatives."

Kazi added: "in 1976 the Federal Bank for Cooperatives was established in which the major shareholder is the State Bank of Pakistan. This bank provides finances to the provincial cooperative banks and multi-unit cooperative societies and assists in the formulation and financing of schemes for revitalisation of the cooperative system in the country. While many difficulties still remain to be tackled, in the recent past there has been rapid growth in agricultural lending through co-operatives in certain areas of the country. It is evident that with the implementation of government programs for organisation of rural communities and rural development cooperatives will progressively grow in importance particularly for channelling crop loans to the small farmers."

"Despite the early start of cooperative credit in Pakistan and the recognition of the importance of cooperatives for activating the productive potential of the rural communities, Pakistan does not have a co-ordinate approach to rural credit. There has been no hesitation to adopt a pragmatic multi-agency approach. As far back as 1962 government set up an Agricultural Development Finance Corporation which was subsequently converted into the Agricultural Development Bank. This bank is the main agency for providing long and medium term loans for land development and financing tubewells and purchase of tractors and farm machinery. The bank has at present about 100 branches and also makes supervised short-term production loans for financing inputs like seeds, fertilizers and pesticides. Last year this bank disbursed more than a billion rupees of credit which is about 20 per cent of the total agricultural credit disbursed that year."

"The Agricultural Development Bank has to a considerable extent compensated for the somewhat slow growth of co-operatives but with only a limited number of branches it could not possibly meet the short-term credit needs of the small farmers of the country."

MANDATORY TARGETS FOR BANKS

He said: the State Bank of Pakistan had therefore to mobilise the potential of the commercial banking system for agricultural finance. We have five well developed nationalised commercial banks which have as many as 7000 branches in the country. Every village with population of 5000 and above has a branch. The nationalised commercial banks are annually given mandatory targets for agricultural credit of which about half is reserved for lending to small farmers. In case they fail to reach the target they have to deposit an amount equal to the short-fall, interest free, with the State Bank. On the other hand, if the banks incur losses in respect of loans made by them to small farmers, the State Bank meets half the loss. Since 1972 when this scheme was launched the agricultural credit advanced by commercial banks has increased 20 fold. Last year commercial banks advanced about half of the total institutional agricultural credit in the country.

"While the growth in agricultural financing by the commercial banks has been most impressive, it has still to deal with many problems. In particular, the percentage of bad and doubtful debts is quite high. To avoid this, progressively, field staff is being increased for more effective supervision of credit. It is the intention to extend supervised agricultural credit through commercial banks throughout the country in accordance with a phased programme", he added.

He said "from what I have stated, it would be evident that

the State Bank of Pakistan, has actively promoted the evolution of the institutional structure for agricultural credit in the country. The State Bank is also involved in formulation of operational policies of the credit institutions. A credit plan for the country is drawn up by the National Credit Consultative Council annually in line with the requirements of the national development plan. In particular, the total requirements of agricultural credit are worked out in the context of the targets of agricultural investment and production set by the national plan and quantity of inputs to be made available during the year under the plan.

"A methodology had been developed for working out the institutional credit requirements in line with targets for agricultural investment and utilisation of agricultural inputs set by the plan. The total requirements of short-term and long-term credit worked out are then distributed among the main loan giving agencies namely, the commercial banks, the Agricultural Development Bank and the co-operatives and their actual performance is monitored periodically in the context of targets set for them."

"The co-ordination of agricultural credit plan with the national development plan was essential to achieve optimum production. The farmer has to be provided a package of requirements to increase production viz. agricultural extension services, marketing facilities and credit for investment and agricultural inputs. The credit element of this package has to be integrated with the other elements."

Earlier, I. Abdullah, Secretary-General of Nenasica, in his welcome address explained the working of the association and the objectives of the seminar.

S. M. I. Mahmood, Seminar Director, also spoke on the occasion.

The seminar will continue until Sept 28.

PROBLEMS WITH AFGHAN REFUGEES IN CHITRAL

Islamabad THE MUSLIM in English 16 Sep 81 p 6

[Article by Saeed Qureshi]

[Excerpts] Bamburat, the largest of the three valleys, can be compared to Kaghan except that it looks more squeezed between the imposing mountains than the latter.

This forlorn yet splendid valley is linked with Ahun, the biggest town in Chitral, by a narrow jeepable track passing over a high steep mountain.

The rest house is situated on the route which leads into the Nooristan Province. While Arandhu is the south-western end of Nooristan, Bamburat falls in the back-yard of western end of this largest province of Afghanistan.

Because of its close proximity to Afghanistan, a sizeable number of Afghan refugees have found it convenient to stay here. This seems to have upset the sparsely populated valley. The locals do not appear to be prepared to accommodate the influx which is increasing with the passage of time.

The refugees are woefully divided among themselves. Violence and shootouts among the militants are common.

We arrived at Bamburat in the afternoon and were resting on the grassy lawns of the rest house, when a group of bearded sturdy persons came and presuming that we represented some aid-giving agency, projected themselves to be the valiant freedom fighters. Suddenly they were challenged by another group who contested their claim by saying that they were in fact the real Mujahideen and deserved aid. To our embarrassment more people joined the fight which continued unabated until evening. Each one was trying to dub the rivals as hoax and humbug merely posing to grab the bounteous and abundant aid. We, however, could not conclude as to who was genuine and who was not.

A school teacher who claimed to have been to Nooristan several times said that those Afghanis staying in Bamburat had never thought of firing even a single bullet. However, those still left behind were engaged in the bitter struggle with the alien troops. He disclosed that in one assault the Mujahideen, including his relatives, destroyed some 200 enemy tanks. However, the old man was not boastful. With the humility characteristic of the Faithful he attributed the feat to 'the help of Allah the Almighty.'

CSO: 4220/3

PAKISTAN

NO BAN ON CONSTRUCTIVE TRADE UNION ACTIVITIES

Islamabad THE MUSLIM in English 16 Sep 81 p 6

[Text] Sept 15--The government has no intention to ban the constructive trade union activities in the country.

This was stated in Abbottabad yesterday evening by the Federal Minister for Water and Power, Raja Sikandar Zaman at the oath-taking ceremony of the United Bank Limited Employee Union, Hazara Division.

The Minister said all the trade unions should work for the progress and prosperity of their organisations.

Raja Sikandar referred to recent actions in PIA and said the PIA union was banned due to its malpractices and irregularities. It will, however, be revived soon but prior to that purging of undesirable elements was a must, he said.

Referring to various demands put up to him in the address of welcome, the Minister said the government wanted to give maximum benefits to working class within the available resources of the country.

Raja Sikandar said the interest-free banking system introduced in the country last year has proved successful and the bank employees should work hard to make it a greater success.

The Minister assured that their demands about bank wage award and hill allowance would be considered sympathetically.

He said work on electrification of a large number of villages in Hazara division would start soon with the assistance of the Asian Development Bank. The Minister also enumerated a number of development activities being carried out in Hazara division, such as construction of Daur bridge, Chappar road in Haripur area, a 500-bed hospital in Abbottabad.

Highlighting the role of banking industry in the national economy, the Minister called upon the bank employees to work hard for the consolidation and strengthening the economic structure of the country.

The Minister also stressed the need for further simplification of the procedure for grant of loan to small farmers.--APP

CSO: 4220/3

'BUSINESS RECORDER' DISCUSSES FORMULATION OF LABOR POLICY

Karachi BUSINESS RECORDER in English 16 Sep 81 p 2

[Editorial: "The Sooner the Better"]

[Text]

The formulation of a practical, realistic and equitable labour policy, is an urgent national need, but the Government seems to have decided to move step by step without hurry. The latest development in this connection is the formation of a standing committee of the Tripartite Labour Conference so that a regular forum is provided for continuous dialogue between the workers and employers. What the authorities expect to come out of the exercise, is not very clear. Promulgation of a bold new labour policy is required to end the state of uncertainty and to create a climate for the entrepreneurs to come forward with greater confidence and accelerate the pace of economic revival. The absence of a sound labour policy is an obvious hurdle in the way of speedy economic recovery.

Labour being the most important factor of production, the need for a

clearly defined policy in respect of wages, working conditions, workers' rights and responsibilities, employers' obligations, etc., cannot be overemphasised. It is now four years that industrial relations are being regulated, on ad hoc basis, without any positive effort to remove the deficiencies and excesses of the thoughtless labour laws devised by the previous regime. As a result, both workers and employers feel insecure. A tripartite labour commission was set up about three years ago to make recommendations to the Government on the basis of which a new production-oriented labour policy could be framed. The commission submitted a report after lengthy deliberations over a year. Again, it took quite some time for the report to go through the official routines and then came the news that final shape had been given to the proposed

labour policy. It was also said that the policy would be promulgated after another round of consultations between the concerned parties-employees, employers and the representatives of the Government. At that stage we had vehemently opposed the idea of holding another tripartite conference and had pointed out that it was an issue on which a consensus was rather difficult to achieve. The two main parties, that is, the employers and the employees, could never arrive at any agreement because their points of view, as indicated in their demands and suggestions, were almost conflicting. The employers' demand for the right to hire and fire, can never be acceptable to the employees. This is, as a matter of fact the main issue. Looking from the employers' point of view, the demand is wholly justified. They should

have the right to get rid of an inefficient and unwilling worker. But the possibility of abusing this right on the part of the employers, looking from the workers' side, cannot be totally ruled out. That is where the Government had to evolve a via media and to make rules ensuring that the right to hire and fire was not arbitrarily exercised to harass the workers. It could have allowed replacement of inefficient and unwilling worker with an efficient and willing one. But at the same time some financial safeguards could be prescribed for the outgoing worker so that by the time he got another job, he was not starved and the employer did not act on whims for fear of financial costs. As we have said earlier, there are certain decisions which the Government has to take in the larger national interests. These decisions may annoy many and please few. But they have to be

taken for the present and the future of a nation. For a political government such decisions are rather difficult to take. But for a Government like this which has no political ambitions, it should not be so difficult to make up its mind and act boldly on major national issues. It was in this context that we had opposed the holding of a second tripartite labour conference and had advised the Government to finalise and enforce what had been agreed upon in the first conference. The advice was not heeded, with the result that things have now bogged down. One thing should be clear that no government can ever evolve a labour policy which can please everybody. Displeasure on the part of some sections has to be faced. Time is running out. The Government must take a final decision and promulgate a policy so that the present state of uncertainty comes to an end.

DEVELOPMENT OF SPACE SCIENCE AND TECHNOLOGY UNDER STUDY

Karachi MORNING NEWS in English 20 Sep 81 p 3

[Text] A four-phase long-term national programme for the development of space science, technology in the country is presently under the consideration of Executive Committee of the Space Research Council (SRC).

The first meeting of the SRC Executive Committee was held in Islamabad on Wednesday last under the chairmanship of Mr Ghulam Ishaq Khan, Federal Minister for Finance, Planning and Coordination.

The meeting was also attended by three other executive committee members, namely Mr M. Kazi, Adviser to the President for Science, Mr Salim Mehmood, Chairman of the Space and Upper Atmosphere Research Commission (SUPARCO) and the Federal Cabinet Secretary.

The SUPARCO Chairman submitted the programme for the planned and phase wise development of space science and technology in the country for the consideration of the SRC Executive Committee.

Mr Salim Mehmood said it was decided at the meeting that the programme should be modified in the light of some suggestions put forward at the executive committee meeting.

This revised programme will be considered at the next meeting of the SRC Executive Committee, which is scheduled to take place at the end of October next, or in early November.

The SUPARCO Chairman said that after the proposal had been cleared by the SRC Executive Committee it would be placed before the first meeting of the full Space Research Council, which is headed by President Gen. Mohammad Zia-ul-Haq for consideration and approval.

The first full meeting of the SRC is likely to be held before the end of this year. (The SRC came into being in May 1981 and its formation is a sign of the Federal Government's determination to ensure that space science and technology is developed on the national level in a planned manner without any further loss of time).

Mr Salim Mehmood said that the proposed four-phase programme was designed for implementation over a 10-year period, and the end of each phase would mean the acquisition of a "distinctive capability" in particular aspects of space science and technology.

Salient Features

Outlining the salient features of each phase in the proposed programme, he listed them as under:

--Phase One: Construction of ground receiving station in various parts of the country to attain the capability of receiving radio and TV signals from all types of orbiting satellites (including radio and TV signals, scientific data concerning earth resources, cloud cover, snow pictures, etc);

--Phase Two: Emphasis on tracking satellites through both radar, radio and optical means;

--Phase Three: Launching of a Pakistani satellite (some of the components of which are to be fabricated within the country and others purchased abroad).

The satellite will be launched on either a European or American rocket.

This phase includes construction of mobile and fixed receiving-cum-transmitting stations in various parts of the country to provide a countrywide communications link-up with the orbiting satellite.

•--Phase Four: To be devoted largely to developing to the maximum extent possible the capability to manufacture satellite parts and other space technology-related items within the country.

The SUPARCO Chairman emphasized that throughout the 10-year programme all possible efforts would be made to build up the space technology-manufacturing industry in Pakistan.

He also said that during the Space Research Council Executive Committee meeting in Islamabad last week a report on the progress achieved by SUPARCO since its upgrading from the status of a committee to that of a full-fledged commission was also submitted.--APP

CSO: 4220/3

SUGAR OUTPUT MAY TOP 1M TON MARK IN 1981-82

Karachi MORNING NEWS in English 20 Sep 81 p 5

[Text] Federal Food and Agriculture Minister Vice-Admiral Mohammad Fazil Janjua yesterday expressed optimism that the production of sugar would top the one million-ton mark during the current 1981-82 financial year.

He said this expectation was based on the fact that this season's sugar cane crop was five percent larger than that of last year.

The target sugar cane production figure for the current year is 33.78 million tons, and last Thursday the agriculture Minister told newsmen that this goal would in all probability be met since the crop this year was a good one.

Delivering the inaugural address at the 17th annual convention of the Pakistan Society of Sugar technologists (Past) at Hotel Intercontinental here yesterday, Vice-Admiral Janjua noted that the sugar over the two preceding succeeded in reversing the decline in the production of sugar over the two preceding years (viz. 1978-79 and 1979-80).

He said production of sugar in 1980-81 was 8,53,000 tons, which was an appreciable increase over the 6,09,000 tons recorded in 1978-79 and the even lower figure of 5,74,000 tons in 1979-80.

He recalled that decline in sugar production during 1978-79 and the even sharper drop in 1979-80 had necessitated the import of 1,70,000 tons of sugar from abroad to meet the shortfall.

Redressing this situation was a challenge for all of us, he added.

Controls Relaxed

In order to encourage the increased production of sugar cane, he continued, the Government had relaxed some controls by which the sugar mills had been hemmed in during the past, namely, fixed prices for both sugar cane and refined sugar.

In "a bold departure" from past patterns, some freedom was given to the sugar industry to come up with initiatives to enhance production of sugar and improve relations with the growers, he added.

He noted that the results of this policy were "extremely encouraging" and along with incentives of free sale quota, coupled with exemption from excise duty in excess of the last three years' average production and fixation of ex-factory prices "at reasonable levels, the sugar industry now stands rehabilitated."

Continuing, he said that likewise certain concessions were also granted to the sugar cane growers, including raising the upper limit of their quota of sugar and sharing part of the profit earned by the mills on account of sucrose content being higher than that assumed in the ex-factory price fixation formula.

He said another reason for expecting higher sugar production during the current 1981-82 financial year was the fact that gur prices were lower than those prevailing last year and therefore, (even in the NWFP) it would no longer be economical for the growers to divert their sugar cane for gur-making.

Regarding sugar beet production in the NWFP, he felt that this could be doubled through various measures, and the progressive fall in sucrose content in the beet crop (noticed over the past three-odd years) should be checked.

He said that an experts committee had been formed to go into the question of increasing sugar beet production in the NWFP and its report was awaited.

Sugar Policy

He said the sugar policy for 1981-82 had been finalised and would be announced shortly after its approval by the Federal Cabinet.

The new policy would (like that adopted in the previous year) contain incentives for increased production, including partial de-control, exemption from excise duty and free sale quota for mills on attaining prescribed targets etc.

He said in case sugar production exceeded the domestic requirements, the Government would consider exporting it but only after a sizeable reserve had been built up to meet any production decline in future years.

Vice-Admiral Janjua disclosed that a committee had been set up to consider the advisability of setting up "mini sugar plants" in various parts of the country which fell "outside the zones of the large sugar mills."

He said there was a need to establish such small plants in order to process the maximum quantity of sugar cane in the most profitable manner, cut down loss, etc.

He said that more sugar mills should be built and the production capacity of the old mills could, where feasible, be extended. Besides better utilisation of sugar refining, by-products should be introduced.

Vice-Admiral Janjua spoke of the need for increasing sugar production on the basis of a programme which had short, medium and long term aspects.

Certain facets of this programme would, however, not be limited to any one particular time interval but would represent a continuous effort, he added.

He said the constant features of this programme included optimum utilisation of sugar mill capacity, improving per-acre yields and the sucrose content of sugar cane, agronomical practices, pest control, seed quality and credit facilities.

Earlier, Mr Asghar Qureshi, President of the Pakistan Society of Sugar Technologists presented the welcome address.

The function was followed by a luncheon.--APP

CSO: 4220/3

SUGARCANE PRICES MAY BE INCREASED

Karachi BUSINESS RECORDER in English 14 Sep 81 p 1

[Article by Babar Ayaz]

[Text]

The Agricultural Price Commission is likely to recommend an increase in the sugarcane prices in the 1981-82 sugar policy, which will be announced shortly.

According to informed sources, the sugarcane prices in NWFP may be increased (Rs. 8.75 per maund) by 7 paise, in Punjab (Rs. 9) by 12 paise and in Sind (Rs. 9.86) by 20 paise per maund.

These sources said that new prices for 1981-82 crop have been worked out on the basis of average recovery of sucrose during the last three years in the three sugarcane growing provinces.

This system was worked out after considering various other methods.

However, it is generally agreed in all concerned quarters that in the long run the cane growers should be paid on the basis of the

cane quality (Sucrose content). But any system of pricing on the basis sucrose content is not thought feasible at present as additional establishment would be required to determine the quality of the cane which comes from 17,000 growers in Punjab and 25,000 growers in Sind.

The sources pointed out that the Agricultural Price Commission will divide Sind into two zones, subject to approval from Sind Government, for the purpose of price fixation as the recovery of sucrose in upper Sind and lower Sind was significantly different.

Lower Sind which has high content of sucrose comprises Thatta, Badin, Hyderabad and Mirpurkhas districts. The upper Sind sugarcane price may be fixed at Rs. 9.40 per maund.

Meanwhile, the period for calculating recoveries would be 160 days commencing from November 1, to April 10.

CSO: 4220/3

OVER 20 PERCENT INCREASE IN WAPD'S POWER CAPACITY

Karachi PROGRESS in English Sep 81 p 8

[Text]

MORE than 20 percent increase has been recorded in the installed capacity of WAPDA's power system during the last one year. The WAPDA power system includes the northern areas, Upper Sind, Lower Sind and the Quetta region excluding the power generating capacity of KESC and the KANUPP.

WAPDA's total installed capacity stood at 2,685 MW in June, 1980, comprising 1,118 MW of thermal power and 1,567 MW of hydel power generating capacity. This has risen to 3,225 MW during the last one year of which thermal power generating capacity accounts for 1,378 MW and hydel power 1,847 MW, recording increases of 23.3 and 17.9 percent respectively.

The increase of 260 MW in thermal power generation has been due to the commissioning of a 210 MW unit at Guddu Thermal Power Station and two gas turbines (Unit No. 5 & 6) of 25 MW each at Kotri, whereas inc-

rease in hydel power generating capacity of 280 MW has been on account of the commissioning of two units (Unit No. 7 and 8) of 100 MW each at Mangla and two units of 40 MW each at Warsak.

Installation and commissioning of these units, both in thermal and hydel sectors, has gone a long way in augmenting power supply position in the country.

In view of the growing demand for electricity from industrial, agricultural, commercial, domestic and other sources WAPDA has in hand/planned additional generating plants which are expected to go into operation during the next few years. The work on the installation of Tarbela units 5 to 8 of 175 MW each is in progress and according to present schedule Unit No. 5 is expected to be commissioned by October 1982, Unit No. 6 by November 1982, Unit No. 7 by January 1983 and Unit No. 8 by February 1983.

Feasibility studies on Tarbela indicate that the installed capacity of the power house could be increased from the originally conceived 2100 MW to 3350 MW. This is planned to be done by the installation of additional units at Tunnel No. 2 and Tunnel No. 3.

WAPDA has also initiated studies on Kalabagh project for which the UNDP has provided Rs. 80 million under Technical Assistance Programme for carrying out detailed investigations of the proposed multipurpose project.

In the thermal sector WAPDA plans to augment the capacity of Quetta thermal power station by installing a 25 MW gas turbine in 1982. A 200 MW thermal power capacity at Jamshoro, and an additional 310 MW capacity at Guddu have also been planned.

The installation of a thermal power station based on Lakhra coal is also under study.

PAKISTAN

BRIEFS

BALUCHS URGED TO SHUN PROVINCIALISM--Quetta, Sept. 20--Federal Minister for Labour, Manpower and Overseas Pakistanis, Mr Ghulam Dastagir Khan, while addressing gathering of the workers of Baluchistan exhorted them to shun provincialism and sectarianism and work for the solidarity and progress of country like true Muslim. He said that the present Government was making strenuous efforts to Islamise the society and has adopted certain measures to achieve the cherished dream. He added that the Government was fully aware of the problems faced by the workers and was working relentlessly to solve them. Earlier, in the welcome address, the Minister was assured unflinching support and cooperation to the Government.--APP [Text] [Karachi MORNING NEWS in English 21 Sep 81 p 8]

CSO: 4220/3

FIRST LADY SIGNS WORLD BANK LOANS FOR \$145-M

Manila BULLETIN TODAY in English 27 Aug 81 pp 1, 10

[Text]

WASHINGTON, Aug. 26 - First Lady Imelda R. Marcos signed yesterday two World Bank loans amounting to \$145 million (P1,987.5 million) to help improve the country's elementary education and agricultural programs.

A \$100-million loan will finance part of the Philippine government's \$448 million (P3,360 million) development program for elementary education from 1982 to 1985.

A \$45-million loan will be part of the country's \$74.5-million (P538.75-million) project to improve and expand agricultural research and increase crop and livestock production.

The First Lady said 2.2 million Filipino students will benefit from the educational loan while 2.3 million farmers will benefit from the agricultural loan.

"The educational loan will improve the country's human resources while the agri-

cultural loan will advance our natural resources," said Mrs. Marcos.

"The loan agreement will offer more livelihood opportunities to the Filipinos and increase their chance for a better quality of life," she added.

World Bank vice president for East Asia and Pacific, S. Shahid Husain, witnessed the loan signing. Others present were Ambassador Eduardo Romualdez, Ambassador Rafael Gonzales, and Stephen O'Brien, World Bank division chief in charge of the Philippine desk.

The \$448-million elementary education project of the government seeks to improve student population in poor areas and upgrade rural education to urban educational standard.

Over the four-year period (1982-75), the program will supply an average of 11 million basic textbooks per year, about 11,000 classrooms annual and train managers, planners, and school staff.

About 60 sub-projects such as curriculum development, development and production of in-

structional materials, provision of facilities and equipment, and performance evaluation for elementary education will also be financed.

To improve student performance in elementary education, the curriculum will be revised according to the development program.

A textbook agency will be formed to become a permanent government corporation responsible for providing textbooks to students in public schools.

The World Bank educational loan has a 20-year term, including a five-year grace period, with 9.6 per cent interest annually. Mrs. Marcos said the elementary educational development program would, hopefully, reduce education disparities among the different regions.

The country's \$74.5 million agricultural project is expected to raise levels of income through small farm systems and diversify food production and other agricultural commodities, said Mrs. Marcos.

She added that the loan would lead to the attainment of higher nutritional standard for the country as a whole.

GALOC WELL OIL OF MEDIUM QUALITY

Manila BULLETIN TODAY in English 15 Aug 81 pp 1, 10

[Text]

Energy Minister Geronimo Velasco revealed yesterday that the oil discovered from the Galoc well northwest off Palawan island was of medium grade quality with more diesel than gasoline content.

The quality based on standards set by the American Petroleum Institute was between 32 to 31 degrees API, he said.

Velasco declined, however, to give any estimate on the well's flow rate pending completion of a series of drill stem tests still to be performed by Philippine Cities Service (PCS), the drilling operator.

Oil was flowed from the well Wednesday morning while drillers were conducting the seventh drill stem test at a depth of about 7,400 feet.

Further tests to establish the well's flow rate were scheduled in the next few days but drilling operations have reportedly been slowed down by bad weather.

The oil strike at Galoc No. 1 well was confirmed by the government last Thursday afternoon.

Velasco said the Galoc oil discovery was significant because it was the first strike in the country made in a sandstone reservoir.

Previous oil finds like the Nido, Antin-luc, Pamban and Cad-lao, which are in what is now known as Pamban 'oil province' at South China Sea, were made on reefal or limestone reservoir.

The Galoc well, spudded on April 2, was drilled under more than 1,000 feet of water. It was drilled up to a depth of 12,141 feet last month after which a number of tests were performed by the drillers.

The drilling operators on board the drilling vessel Penrod 74 were planning to test two more intervals of "intersected sandstone" at other levels of the well where evidence of hydrocarbon was also encountered.

Both the government and the local oil exploration industry regarded the Galoc oil find significant, believing it could completely alter the oil exploration picture here. It is the first time oil was found in a sandstone structure in the Philippines.

Sandstone structures, according to industry experts, are always larger and more extensive than a limestone or reefal structures.

Galoc I was an exploratory well drilled by the PCS on a completely unexplored area located 120 kilometers northwest of the Nido oilfield.

Sources said the PCS was expecting to find a limestone structure in the well but it hit, to its surprise, a sandstone reservoir.

CSO: 4220/4

BRIEFS

NATIONAL LIVELIHOOD PROGRAM—President Marcos has set in motion the reorganizational structure of the Kilusang Kabuhayan at Kaunlaran [KKK] from the national level down to the municipal level. The chief executive took the action as he presided over the first meeting of the livelihood program's national council at Malacanang. Meeting for over 2 hours, the national council also activated the KKK secretariat, to be placed under the Human Settlements Ministry, whose first task is to inventory all existing projects of all ministries. The different KKK bodies which were activated included not only the national council under the chairmanship of the president but also the regional, provincial, city and municipal councils, which will be responsible in identifying and supporting the various Kilusang projects. During the meeting the president also approved a proposal to help some 950 cooperatives. These cooperatives have accumulated savings of more than 10,000 pesos each with matching loans to launch their own projects. [Text] [HKD40427 Baguio Mountain Province Broadcasting Corporation in English 0400 GMT 4 Sep 81]

LIVELIHOOD PROGRAM ALLOCATIONS—President Marcos has set aside 1 billion pesos for the funding of livelihood enterprises under the nationwide Kilusang Kabuhayan at Kaunlaran [KKK]. The outlay, he said, will come from the government's national budget reserved for 1981. The chief executive said the 1 billion pesos KKK fund will cover both the equity and loan components of the livelihood program. He issued the directive during a 6-hour meeting with his economic advisers in Malacanang. The KKK National Council, chaired by the president, will prepare the guidelines for the program's financing aspects. The council is due to meet again this coming Tuesday. It was decided earlier that the KKK funding will pass through the banking systems following the successful pattern of the (Maspagana) 99 rice program. Loans under the KKK will be categorized and charged lower interest rates than those of commercial banks. For the equity component, the president said municipal treasuries will get the money from the bank and will be held responsible in accounting of the funds. He also directed that all obligations from KKK loans and equity be sent through the Ministry of Human Settlements, which is acting as secretariat of the livelihood program. [Text] [HKD60444 Baguio Mountain Province Broadcasting Corporation in English 0400 GMT 6 Sep 81]

DIRECTIVE ON LIVELIHOOD PROJECTS—President Marcos has directed all governors to submit a [words indistinct] project for each municipality in their provinces, which will be covered by the Kilusang Kabuhayan at Kaunlaran [KKK] program. These projects, the president said, would benefit from the loan components or

capital arrangements of the livelihood program. The president issued this directive during a 7-hour joint meeting of the cabinet, the NEDA [National Economic and Development Authority] and the KKK National Council at Malacanang. The chief executive also set aside the needed funds to finance the various livelihood projects in each municipality. [Text] [HK090942 Baguio Mountain Province Broadcasting Corporation in English 0400 GMT 9 Sep 81]

DEVELOPMENT PLAN DRAFT—President Marcos has received from NEDA [National Economic and Development Authority] director general Placido Mapa the preliminary draft of the national economic development plan for 1983 to 1987. The major goals of the 5-year plan are sustainable economic growth, equitable distribution of the benefits and total human development. During the meeting yesterday, the status of the sugar industry was also discussed. On these matters, it was decided that the single agency selling system by which the Philippines sells sugar abroad only through the national trading corporations shall be retained. It was also brought up during the meeting that a long-term selling contract entered by the (NATODA) has [words indistinct] industry from the current low prices in the low markets. The meeting also took up the rationalization of the government procurement system to bring about substantial savings. After the meeting, the president inducted into office (Arnold Shervilli) as deputy minister of natural resources and (Takella Bonashere) as deputy minister of budget. [Text] [HK090944 Baguio Mountain Province Broadcasting Corporation in English 0400 GMT 9 Sep 81]

POLICE FORCE CONTROL--Town mayors may be given back operational control over police forces if their towns are within the so-called combat areas. President Marcos has ordered military authorities to submit a revised list of such combat areas. He said town mayors in those areas could be given a degree of control over the police forces if the mayors are shown to be capable of assuming such duties. The president gave instructions during a meeting with town mayors from Agusan Del Sur. During the 2-hour meeting, the president was informed about the activities of the new people's army in the province. The president told the town mayors he will consider providing firearms for their towns to help them fight subversion. [Text] [HK190448 Baguio Mountain Province Broadcasting Corporation in English 0400 GMT 19 Sep 81]

MORE PORT BUILDING--The construction of more ports in the country will start next month. The ports, costing 1 billion pesos, are in Cagayan de Oro, Cebu, Iloilo and Zamboanga. The Philippine Ports Authority [PPA] said the construction for the development and expansion of these ports is expected to be completed in 3 years. The PPA added that the four ports are being given priority for development to facilitate interisland transport systems, along with the ports of Manila and Davao. [Text] [HK190452 Baguio Mountain Province Broadcasting Corporation in English 0400 GMT 19 Sep 81]

REBEL LEADERS--President Marcos has authorized the sultans of the Royal Houses of Lanao, Magindanao and Sulu to contact rebel commanders within their respective jurisdictions. The chief executive also pleaded with the rebels to return to the fold of the law and assist the government's development programs. The president issued an authority during a meeting with members of the Muslim royalty, who

called on him and the first lady Mrs Marcos, to pledge their efforts in establishing peace and unity in the southern Philippines. During the meeting Mrs Marcos ordered the establishment of cultural centers as well as orphanages in each of the 10 provinces in regions 10 and 12. The first lady, who is minister of human settlements, is also the chairman of the southern Philippines development authority. [Text] [HK210421 Baguio Mountain Province Broadcasting Corporation in English 0400 GMT 21 Sep 81]

FOREIGN BORROWING--The Philippines is expected to receive \$1 million in loans from 17 foreign lending institutions to finance the country's various development programs. This was disclosed by the Central Bank. The monetary board said the loan to be signed next month in Hong Kong will bring the country's total foreign borrowings this year to \$350 million. [Text] [HK250635 Baguio Mountain Province Broadcasting Corporation in English 0400 GMT 25 Sep 81]

PHILIPPINES, AUSTRALIAN ECONOMIC AGREEMENT--The Philippines and Australia have signed an agreement on projects involving Australia in the countries [as heard], acting foreign minister Manuel Collantes said. Australian Ambassador Richard Woolcott signed the agreement. Under the agreement, the Australian Development Assistance Bureau will organize the research to be conducted by the NEDA [National Economic and Development Authority]. The research concerns Australian-ASEAN economic cooperation. [Excerpt] [HK290757 Baguio Mountain Province Broadcasting Corporation in English 0400 GMT 29 Sep 81]

1982 BUDGET APPROVED--At the Batasang Pambansa, the proposed 59.7 billion peso national budget for 1982 has been approved. Also approved was the 5-year program providing for public works expenditure amounting to 32.7 billion pesos starting 1983. The budget measure and the public works bill will be submitted to President Marcos for signing into law, possibly on his 64th birthday tomorrow. The Batasan is expected to pass the modified income taxation bill tomorrow. [Text] [HK100108 Manila FEBC in English 2330 GMT 9 Sep 81]

NPA MEMBERS REJOIN GOVERNMENT--Some 1,500 sympathizers and members of the New People's Army in 3 provinces in Mindanao have rejoined the government since the military intensified its drive against dissidents 1 month ago. Brig Gen (Emilio Luga), 4th infantry division commander, said the surrenderees were from Agusan del Sur, Lanao del Norte and Misamis Occidental. He said the same treatment accorded to members of [words indistinct]. [Text] [HK100107 Manila FEBC in English 2330 GMT 9 Sep 81]

EXPORT STRATEGY--Trade Minister Roberto Ongpin says the government will focus its export efforts on a few selected products to boost the country's international trade. The move is one of the major policies which the Trade and Industry Ministry is soon to implement. Ongpin said the trade policy this coming year will concentrate on trading partners that will accept most of the Philippine products, and the opening of more foreign markets. The products which have good markets are diamonds and textiles, electronics, shoes and leather products, furniture, handicrafts and overseas construction. [Text] [HK150144 Manila FEBC in English 2330 GMT 14 Sep 81]

INDIAN ENVOY DISCUSSES SOUTHEAST ASIA POLICY

BK180134 Bangkok NATION REVIEW in English 18 Sep 81 p 3

[Text] Indian Ambassador to Thailand A.B. Gokhale said yesterday that his government would like to see ASEAN and the Indochinese states establish a "dialogue" instead of the current "rigid stands" on both sides over the Kampuchean issue.

In an interview with the NATION, the Indian ambassador said he had no confirmation on reports that the Soviet Union would let India take the initiative to unseat the Khmer Rouge government from the United Nations at the forthcoming UN General Assembly session next month. "We recognized the Heng Samrin government in June or July, last year, and recently, we set up an embassy in Phnom Penh with a charge d'affaires running it," the Indian ambassador said.

He pointed out that India is the only non-communist country with diplomatic representation in Phnom Penh "and that does offer an opportunity of getting the non-communist views across to the people of Kampuchea, we feel," the envoy said.

Singapore Deputy Premier S. Rajaratnam said on Monday: "It occurs to me that this time, the Soviets will leave it to the Indians to take the initiative," adding that Vietnamese leaders and officials of Hanoi-backed Heng Samrin regime had held a series of discussions recently with Indian and Soviet leaders.

The ambassador pointed out that India, in both 1979 and 1980, abstained from voting on the Kampuchean credentials resolution in the UN. "And we abstained last year even after we recognized the Heng Samrin regime," he said.

The ambassador refused to speculate on what position his government would take in the upcoming UN General Assembly on the issue.

Ambassador Gokhale, asked whether strains had developed in relations between India and ASEAN over the Kampuchean issue, said: "We feel that our honest differences in views over an international issue should not come in the way of India's relations with members of ASEAN, bilaterally or collectively."

Asked why India did not hold the annual dialogue with ASEAN this year, the ambassador replied: "You would have to ask ASEAN. India would be glad to have the dialogue, which is supposed to be about economic cooperation in the first place."

Ambassador Gokhale said that New Delhi would like to see countries in the region discuss the problems among themselves without interference from the superpowers.

"We support ASEAN's proposed zone of peace, freedom and neutrality which, incidentally also seeks to prevent superpower rivalry," the ambassador said.

Asked whether India was in favour of a "regional conference" as proposed by Vietnam on the Kampuchea issue, Ambassador Gokhale said: "That could be one idea which should be explored.

He said India did not take part in the 13-16 July international conference on Kampuchea in New York "because it was our belief that since some major actors (Vietnam and USSR) were not taking part, there was no point for us to participate in the conference."

"We support consultations and discussions to find a solution to the Kampuchean problem among countries in this region. As to the method of doing it, it's up to them," the envoy said.

The Nonaligned Movement, of which India is a member, had failed to come to a consensus on which faction to support in the Kampuchean UN credentials battle, the ambassador explained. He pointed out that during the last Nonaligned Movement meeting in February this year, in New Delhi, a call for the withdrawal of foreign troops from all countries was contained in the joint statement which also called for political discussions between the conflicting parties in the Kampuchean issue.

"Unfortunately, after that conference both sides went back to their rigid positions. We would have liked to see ASEAN and the Indochinese countries reach a solution through a dialogue, naturally," the ambassador said.

CSO: 4220/14

MALAYSIAN ENVOY INTERVIEWED

BK100222 Hong Kong AFP in English 0608 GMT 9 Sep 81

[Text] Bangkok, 9 Sep (AFP)--Malaysia, as an immediate and close neighbour of Thailand, could not ignore the serious implications in the eventuality of Vietnamese aggression across the Thai border, Malaysia's ambassador to Thailand, Datuk Shahuddin Mohamed Taib, said in an interview here.

To transform ASEAN, the Association of Southeast Asian Nations, into a military grouping, however, would only invite tension in the region, Mr Shahuddin said.

The interview with the ambassador was carried in the latest edition of BUSINESS IN THAILAND (BIT), published in Bangkok.

ASEAN, comprising the staunchly non-communist countries of Thailand, Malaysia, Singapore, Indonesia and the Philippines, was formed in 1967 to foster cooperation in the economic, social and cultural fields. "Malaysia for one would like to see ASEAN adhering to these objectives and principles," Mr Shahuddin told the magazine.

He said that as far as Cambodia was concerned, his country supported the ASEAN declaration at the United Nations calling for the withdrawal of foreign troops from the occupied country, and that Malaysia had urged the international community to spare no efforts in finding a political solution to the problem. "With close consultations among ASEAN member countries on this problem, it is hoped that a political solution could be achieved in the near future," he said.

The interview with the Malaysian ambassador was held just after the first visit to Thailand by Malaysia's newly elected prime minister, Mahathir Bin Mohammad. Mr Shahuddin said that under Dr Mahathir, a pragmatic and far-sighted politician, he expected relations between the two countries to be even further strengthened and intensified.

Mr Shahuddin said that during his 3 years as ambassador to Thailand, he had seen the deepening of relations between the two countries as far as agriculture, trade and communications went, as well as more effective cooperation across the mutual border against smuggling and communist terrorism.

The activities of the outlawed Communist Party of Malaya (CPM) and Communist Party of Thailand (CPT) along Thailand's southern and Malaysia's northern border with each other have been a thorn in the sides of authorities in Bangkok and Kuala Lumpur.

"In our view, the bilateral cooperation to overcome the communist threat has been effective and resulting in frustration, desertion and breakdown of morale among the rank and file of the CPM," he said.

"Combined operations by police and military units of both countries have been conducted occasionally and these have proved useful in putting pressure on these subversive elements."

CSO: 4220/14

BACKGROUND OF NEW SPECIAL BRANCH CHIEF NOTED

Bangkok THE NATION REVIEW in English 12 Sep 81 pp 9, 10

[Text] POL MAJ Gen Opas Ratanasin was caught by surprise this week when he was suddenly named commander of the Special Branch Division (SBD) — perhaps one of the most powerful police bodies.

In one way, the new job may suit him fine since the 51-year-old police officer has during the past 20 years been handling information and intelligence work.

Now commander attached to the Border Patrol Police (BPP), Opas is a rather surprise choice for the powerful post at the SBD. It is unprecedented that an officer from the BPP is named top man at SBD.

Born on December 26, 1930, Opas began his police career in 1954 at the BPP where he gradually gained access to higher posts until he became its commander in 1979.

In Opas's own words, his post at the BPP was of no particular importance.

"I just handle work concerning with information and intelligence," said the bespectacled police officer.

He said he was in the United States in 1956 to attend an FBI intelligence course "and this could be one of the reasons why they made me the new commander of the Special Branch."

Opas was instrumental in setting up the new intelligence centre for the three main police units of BPP, provincial police, and metropolitan police. The centre was formed in July, 1965 to improve the intelligence work of the Police Department.

"I then worked hand-in-hand with the national police chief. And this might be one reason why he picked me as the new SBD commander," said Pol Maj Gen Opas.

Yet, the SBD commander-designate admitted that he was stunned when Pol Gen Surapol Chulapram told him that he would like him to take up the post — just two days before the announcement.

"After all, I really don't know the real reason behind the appointment," said the outspoken police officer.

The surprise appointment has predictably touched off comments in the Police Department as it was the first time that a BPP official was named to the post.

It is said that Opas was named to the SBD top slot because of his relations with the national police chief who is a former BPP official.

"Apart from Pol Maj Gen Opas, BPP Commander Pol Lt Gen Pranetr Kithruechai was also promoted as assistant police director general in charge of special affairs," said the source.

"But I am averse to nepotism. I have never fawned on anyone. Although Pol Gen Surapol was once my immediate boss, I have never visited him after he was named police director general," said Pol Maj Gen Opas.

He said that he adhered to "righteousness" in his work. "If there is any conflict or problem I would face my opponents squarely. I hate nepotism and foul play," he stressed.

Asked about his new challenge at SBD, Opas said although the work at SBD would be more difficult and the scope of responsibility wider, the nature of the two agencies had something in common.

"I am now studying my new job to locate loopholes which should be plugged. But I won't go as far as changing the structure of SBD," said Pol Maj Gen Opas who added that he would place more emphasis on the aspect of internal security in carrying out his work.

Another asset for the new SBD commander is that throughout his police career, he has been familiar with intelligence work which is the core of SBD.

"I will do my utmost in my new slot," declared the SBD commander-designate.

'DAILY NEWS' COMMENTS ON 'FINANCIAL CRISIS'

BK310805 Bangkok DAILY NEWS in Thai 26 Aug 81 p 3

[Editorial: "The Urgent Task"]

[Text] The current financial crisis in the country is the result of the increase in interest rates abroad. In the United States, the loan interest rate shot up as high as 20-22 percent per annum. Thailand is now suffering from a shortage of money because domestic banks and financial institutes must hasten to pay back their foreign loans so that they do not have to pay the high interest rates.

Meanwhile, the Bank of Thailand, the organ in charge of controlling the operation of all commercial banks in the country, has decreased its loans to commercial banks from 7 billion baht to only 3 billion baht, adversely affecting businessmen who must depend on bank loans.

This situation is obviously hurting trade and industrial circles in the country. The government is trying to remedy the situation by promulgating a royal decree providing tax exemptions for foreign creditors or financial institutes which give short-term loans. This privilege was formerly extended only to loans which carried at least a 1-year repayment period.

However, it is difficult to predict the effect of this measure taken by the government. It is unlikely that foreign creditors who are now enjoying the tax exemption privilege would lower their loan interest rates for Thai debtors lower than those in world markets. Therefore, the rates of commercial banks in this country will not decrease.

If the country's tight money situation is going to be solved by seeking more foreign loans, Thai debtors will have to pay high interest rates. Thus, prices of commodities will rise proportionately. The people who are now shouldering the heavy burden will feel the direct impact.

The government recently readjusted the baht value, which was in fact a devaluation of baht currency. Nobody can guarantee that the government will not do that again. If baht currency is further devaluated, Thai debtors will have to pay more for their loans.

We hope that the government has capable and wise economists who can systematically solve the monetary problem which is at the heart of the country's economy. Do not neglect the problem until it becomes unsolvable and the country collapses.

CSO: 4207/2

BANK REPORTS IMPROVED ECONOMY AFTER REVALUATION

BK111534 Bangkok Domestic Service in Thai 1300 GMT 11 Sep 81

[Text] According to the Bank of Thailand, the country's economic and financial situation has improved during the past 2 months following the devaluation of the baht by 8.7 percent vis-a-vis the U.S. currency on 15 July.

After the revaluation of the baht, only \$32.3 million worth of this currency was sold from 15-31 July. A net sale of \$15.4 million was recorded during the entire month of August. About \$250 million worth was sold between the end of June and mid-July before the revaluation. In short, the revaluation is successful in stemming the flow of money out of the country.

As for the balance of payments, in August the country recorded 300 million baht favorable balance of payments. This is compared with a 1,063 million baht balance of payments deficit in June and a 1,198 million baht deficit in July.

Exports in August are expected to amount to 14 billion baht, as compared with 12.5 billion baht in June and 13.2 billion baht in July. The August 1981 exports will be about 58 percent higher than the exports in August 1980.

As for the inflow of money, after the revaluation, the value of foreign loans brought in by the private sector amounted to [passage indistinct]

On the cost of living issue, it appears that the consumer price index for Bangkok in July decreased by 2.4 percent. Although this index increased in August, the increase was recorded at only 0.3 percent. Therefore, the effects of the revaluation on the cost of living is minimal.

In summary, the revaluation on 15 July has produced the desired results as far as the foreign currency situation is concerned, while it has produced little negative effects in the cost of living. The effects on the cost of living are certainly not as drastic as many have claimed.

THAILAND

PARLIAMENTARY COMMITTEE DISCUSSES BAHT DEVALUATION

BK171046 Bangkok Domestic Service in Thai 1300 GMT 16 Sep 81

[Text] At the parliament on 16 September, chairman of the parliamentary committee on economic affairs Phanit Samphawakhup reported to newsmen on the results of the committee meeting on the economic situation since the baht devaluation.

According to him, deputy finance minister Phaichit Uathawikun, representing the Finance Ministry, explained to the committee that the heavy trading of the U.S. dollars was the main reason for the baht devaluation, and that, without the devaluation, the country's reserves in U.S. dollars would have dried up. As a result of the baht devaluation, Thailand's payment deficits over the past 2 months have improved. The country meanwhile earned a trade surplus and gained 304 million baht from its crop exports. He said the current tight money situation is not the result of the baht devaluation but is the result of several other factors.

Representatives from the Bank of Thailand meanwhile explained to the committee that the Bank of Thailand has introduced several measures to solve the tight money situation, including raising the interest rates on bank deposits, reducing taxes on interest from foreign loans by 10 per cent, injecting 8 billion baht as a fund for the purchase of crops from farmers, instructing commercial banks to relax credit supplies, and finally, guaranteeing loans acquired from abroad by commercial banks.

Phanit Samphawakhup said the committee noted to the officials that the baht devaluation has resulted in rising costs of goods and has thus caused hardship for the people. Soft drink manufacturers and distributors have appealed to the committee to ask the government to review tax collection on soft drinks because the companies are faced with serious losses from the drop in sales. Some companies might have to shut down operations, which would affect their employees.

CSO: 4207/2

BANK OF THAILAND HAPPY WITH DEVALUATION RESULTS

BK160212 Bangkok POST in English 16 Sep 81 p 21

[Text] The Bank of Thailand announced yesterday that the decision to devalue the baht on 15 July this year has proven very useful to the country as during the past 2 months the financial situation has improved in many ways. It said the devaluation has nearly completely stopped the capital outflow which was as high as US\$250 million during the last few weeks before the devaluation.

In August, the Exchange Equalisation Fund (EEF) sold only a total of US\$15.4 million. It added that the balance of payments also improved, with the country in August registering a surplus of 300 million baht as against the deficits of 1,063 million baht and 1,198 million baht in June and July respectively.

In August exports totalled over 14,000 million baht as against a total of 12,500 million baht and 13,200 million baht in June and July respectively.

It said corporate firms, as expected, began to bring in more foreign exchange. In August alone, firms brought in over US\$90 million. The inflow increased by a certain extent which helped relieve the local tight money situation.

The forward covering rate for the U.S. dollar also dropped from 8 percent per annum to only 4 percent per annum and it is expected that the rate will drop further as the situation improves.

Commenting on the reports that the devaluation would spur the cost of living, the Bank of Thailand said the consumer price index (CPI) in July in fact fell by 0.4 percent and in August it rose by only a small margin of 0.03 percent.

CSO: 4220/14

INDUSTRIAL SECTOR SAID TO RECOVER

BK160311 Bangkok POST in English 16 Sep 81 p 21

[Text] Thailand's industrial sector recovered to some degree during the first half of this year, the Bank of Thailand announced yesterday.

The recovery has been followed by a substantial increase in agricultural output in the 1980/81 season, plus the fact that the energy shortage problem has been eradicated. However, the Central Bank said the industrial growth rate during the first half of this year was not high as it had to face a tight money situation and high interest rates requiring most manufacturers to keep their stocks at minimum levels. Industrial market conditions both here and abroad were not so good, it added.

Sustaining high growth rates during the first 6 months of this year were agricultural, machinery, transportation-related and export-oriented industries.

Sugar production during the first half of this year totalled 1.44 million tons, diesel engine production totalled 56,270 units while production of garments, motorcycles, automobiles, automobile tires, batteries and cement rose by 15, 19, 29, 16, 15 and 17 percent respectively.

On the other hand, paper production dropped by nearly 10 percent due to shrinking demand. Petroleum production also decreased by 18.8 percent as summit refinery slowed down its production.

The Central Bank also stated that production of soft drinks and beer as well as other non-alcoholic beverages dropped by around 35 percent. However, production of soda water rose by nearly 8 percent.

Exports of industrial goods during this period also grew significantly, it said. The export value of 62 major export items totalled 23,400 million baht, up by over 22 percent from exports in the same period 1980. Major export items were readymade garments, shoes, plastic flowers, optic lenses and watches.

The Central Bank also forecast that the country's industrial production level during the second half of this year will remain the same as in the first half as the tight money situation still persists. However, as a result of the baht devaluation, it is expected that exports of readymade garments, electrical appliances and wood and plastic products will continue to increase.

CSO: 4220/14

TRADE OFFICIAL COMMENTS ON TIGHT MONEY SITUATION

BK150727 Bangkok Domestic Service in Thai 1300 GMT 14 Sep 81

[Text] Due to the tight money situation prevalent in the private sector, the Bank of Thailand has decided to release 5 billion baht to boost the country's exports. Commenting on this matter, Somphop Susangkorakan, chairman of the board of trade of Thailand said:

[Begin recording] The current tight money situation in the private sector, as you know, is rather serious. I have learned that the National Bank is trying to extend more credits to the private sector through commercial banks with an interest rate slightly lower than the prime rate. This measure was designed specifically to promote the country's exports so that exporters can buy more agricultural products from farmers. In late May, the government collected some 7.7 billion baht in taxes from partnership companies. Later the National Bank issued bonds worth about 2 billion baht which were sold to commercial banks on a compulsory basis for the opening of their new branches. Each new branch is required to buy 25 million baht worth of the bonds. Some 9.7 billion baht from the private sector was then transferred to the government. This caused the tight money situation. The government's new move to inject some money into the private sector is, therefore, good news because it will help relieve the tight money situation. [end recording]

[Question] Is the situation now improved?

[Begin recording] I do not know how many commercial banks have granted such loans. Farmers are now beginning to grow crops. The export season starts in November. More money will be released when the export season arrives. [end recording]

CSO: 4207/2

FORMER DEPUTY PREMIER ON ECONOMIC SITUATION

BK210836 Bangkok NATION REVIEW in English 21 Aug 81 pp 1, 12

[Text] Former Deputy Prime Minister Bunchu Rotchanasathian said yesterday that the private sector has lost confidence in the government's ability to solve present economic problems following the devaluation of the baht. "Whenever I meet my banker friends, industrialists and foreign businessmen, they always asked me when the government will devalue the baht again" said Bunchu in his speech on "Problems on Economics and Politics" at Indra Regent Hotel. "This has clearly indicated that people have lost confidence in the government," he said.

He criticised the baht devaluation as the worst damage to the country's overall economy. It has made people, especially the educated ones, feel desperate and worried due to lack of both political and economic stability.

"The devaluation has not helped farmers as it has claimed. Farm products are already in the hands of traders. What will be worse is that next year, farmers have to pay higher price for fertilizer. Thus there is a tendency that farm products will decline," he said.

He pointed out that total debts of the public and private sectors which stand at 140,000 million baht shot up by 13,000 million baht immediately as a result of the devaluation which was 1 percent in June and 8.7 percent in July. He predicted that the inflation rate which stands at about 20 percent will rise further, interest will go up followed by deflation and decline in investment if there is no confidence in baht stability.

Bunchu said that local oil price increase is inevitable. "If Saudi Arabia raises oil price by US\$2 per barrel, that only accounts for 5 percent but the devaluation has done much more than that," he added. The government should not pass all the burden on to the people, he said.

"The economic problems can still be solved. I never lose hope. We must find a way to let continuous handling of the problems. If those in the government just indulge in seeking power without time for working, the worst thing can happen to the country," he said.

"What I had done before, people called it "Bunchuism"—all imaginary—but at least I had tried to maintain the stability of the baht to solve the balance of payments deficit and to gain confidence of the international community," he said.

CSO: 4220/14

GOVERNMENT REVIEW OF ECONOMIC POLICY DISCUSSED

BK131313 Bangkok SIAM RAT in Thai 11 Sep 81 p 3

[Editorial: "Do Not Solve the Problem at Its End"]

[Text] Nobody can deny that the present economic situation in Thailand is really hard for the consumers. The prices of goods--especially essential goods like food, clothes, housing and medicine--have gone up uncontrollably. They have increased in and of themselves as well as in order to keep pace with major economic upheavals such as rising oil prices and the devaluation of the baht. Despite its claim of successful price control, the government has never been able to effectively control prices, especially on essential items. The consumers are left to adjust to the prevailing economic situation by themselves. They have to spend all their money without even thinking of saving. With inflation, they are tempted to spend all their money because they cannot be sure of its future value.

The present economic situation is slowly ruining the middle-class income earners. They have automatically taken the place of the low-income earners, whereas the latter have become the class of poor people. Nobody can imagine how the extremely poor manage to survive these days.

Although there has never been a Thai who died of starvation, it is believed there will soon be some who will die of starvation, like those in Kampuchea and elsewhere in the world.

It has been reported that in order to help the low-income earners cope with the present economic trouble, the government is considering a cut in personal income taxes. This, however, is a short-term measure and one that, according to figures, will not really help the poor nor allow them to overcome their poverty.

Under its plan to help the poor, the government will also fix fair prices for commodities. This can never be achieved unless the government is itself the trader.

In our opinion, those proposed measures are not the correct solutions since they do not deal with the problem at its root. The government will not achieve its goal of helping the poor. Moreover, it will lose national income as well.

In order to solve the problem effectively, the government must review the overall national economic policy and systematically reform it. Yet, it is doubtful that the government will be able to do that.

CSO: 4207/2

INTERIOR MINISTRY ANNOUNCES NEW MINIMUM WAGES

BK161504 Bangkok Domestic Service in Thai 1300 GMT 15 Sep 81

[Announcement of the Interior Ministry on new minimum wages]

[Excerpt] Announcement of the Interior Ministry subject: minimum wages, No 11

By virtue of clause 2, (4), of the announcement of the revolutionary party No 103, dated 16 March 1972, and in compliance with the announcement on minimum wages dated 16 April 1972 of the Interior Ministry, the Interior Ministry hereby issues an announcement as follows:

1. The announcement of the Interior Ministry, subject: minimum wages, No 10, dated 1 September 1979, is hereby cancelled.

2. This announcement cannot be applied to:

- (1) agriculture, comprising farming, fishing, forestry and livestock;
- (2) other as to be defined by the Interior Ministry.

3. The minimum wage is fixed at 61 baht per day in Bangkok metropolis, Samut Prakan, Nonthaburi, Pathum Thani, Samut Sakhon, Nakhon Pathom, Ranong, Phangnga, Phuket, Chon Buri, Sara Buri, Nakhon Ratchasima and Chiang Mai.

4. The minimum wage is fixed at 52 baht per day in the following provinces: Kanchanaburi, Nakhon, Nayok, Ayutthaya, Prachin Buri, Lop Buri, Rat Buri, Prachuap Khirikhan, Chainat, Chachoengsao, Phet Buri, Suphan Buri, Sing Buri, Samut Songkhram, and Thong, Trat, Rayong, Chanthaburi, Krabi, Trang, Chumphon, Pattani, Narathiwat, Satun, Songkhla, Yala, Nakhon Si Thammarat, Phatthalung, Surat Thani, Kamphaeng Phet, Tak, Chiang Rai, Phayao, Nan, Lamphun, Lampang, Mae Hong Son, Phetchabun, Phitsanulok, Phichit, Sukhothain Uttaradit, Uthai Thani, Nakhon Swan, Udon Thani, Khon Kaen, Ubon Ratchathani, Kalasin, Buriram, Sakon Nakhon, Sisaket, Loei, Roi Et, Yasothon, Mahasarakham, Nakhon Phanom, Nong Khai, Surin and Chaiyaphum.

CSO: 4207/2

LABOR LEADERS UPSET AT MINIMUM WAGE

BK100927 Bangkok WORLD in English 10 Sep 81 p 1

[Text] Labour union leaders are angry at the decision of the Wage Committee yesterday to fix a new minimum wage for Bangkok and environs of 61 baht per day from 1 October.

Mr Phaisan Thawatchainan, president of the Labour Congress of Thailand [LTC], told the WORLD this morning that the LTC will call a national meeting soon to campaign for the dissolving of the tripartite system used in appointing the committee. He charged that the workers' voice went unheeded in the committee made up of five employers' representatives, five workers' representatives and five government officials.

Another labour representative, Mr Noppharat Na Ayutthaya, said he had lost faith completely in the government representatives on the committee.

But a senior official at the Labour Department said that it must be borne in mind that an increase in the minimum wage for labourers also led to an increase in the cost of living for people not benefitting therefrom, such as farmers and traders. The official, who asked not to be identified, said also: "I think we can predict the situation within a [few] months of this announcement. It always happens that some factory can no longer afford to pay all its workers, so some of them have to be laid off. Anyway, we will have to wait and see."

He said that some union leaders push for higher wages purely in the interests of their own groups without thinking of the welfare of all. Others are seeking to win the favour of union members.

"The minimum wage will have an effect on everyone, not just the labourers, and I'm glad that some of the leaders see this and dispute with each other on the amount by which the wage should be increased.

The new minimum wage of 61 baht is an increase of 13 percent over last year's wage. It applies to the provinces of Bangkok, Samut Prakan, Nonthaburi, Pathum Thani Samut Sakhon and Nakhon Pathom.

The committee is meeting again today and is expected to fix a new minimum wage for the remainder of the country.

CSO: 4220/14

DEVALUATION HURTS PTT; PRICE HIKES POSSIBLE

Bangkok THE NATION REVIEW in English 12 Sep 81 p 4

[Editorial]

[Text] **IT MAY SEEM IRONIC** that the day when natural gas started flowing to two plants of the Electricity Generating Authority of Thailand, Governor Thongchat Hongladaromp of the Petroleum Authority of Thailand (PTT) has asked the government to either raise the price of oil or seek big loans to pay off the huge debts that have accumulated. Actually there is neither irony nor any contradiction involved in this. Unfortunately, the government has been generating too much public euphoria about the flow of natural gas — a euphoria which has consistently fought to dampen. Natural gas will only bring long-term benefits to the economy of the country since it is no magic wand to end the energy crisis which the government has chosen to ignore for nearly a decade.

At the same time we must take cognizance of the importance which the flow of natural gas means to this country. From now on it is expected to take care of 14.2 per cent of our total oil consumption; 23.1 per cent in 1984; and 44.7 per cent in 1986. These figures are nothing to be sneezed at unless of course we are reckless and increase our total oil consumption to an extent that will offset the benefits of the flow of natural gas. What worries Thongchat is that it is necessary to increase the price of oil or obtain fresh loans due to the backlog of debt accumulated because of the lack of

any positive energy policy on the part of the government.

Unfortunately oil is tangled with politics. This is not true of Thailand alone but true of every country whether it exports or imports oil. There is no question the PTT is facing a crisis and must find means to make up the 2,400 million baht loss it incurred because of the devaluation of the baht. Because Thailand will have to continue paying for crude oil imports in dollars, it only follows that this debt will keep on increasing. The either-or choice which PTT has put before the government is extremely unpleasant.

Seeking loans to offset the PTT's loss is fiscally most unattractive since Thailand's foreign exchange reserves are very low and that was one of the main reasons for the devaluation of the baht. And, as everyone knows, loans will have to be repaid with interest and Thongchat has already said that it is shocking how much Thailand has to pay in the form of interest every month. Thailand's credit has been and is very good abroad and this has been so because Thailand has always paid interest when it fell due and has never reneged on debts. But that does not mean that Thailand will have to go on compounding that problem.

The other choice, according to Thongchat, is to increase the price of oil thereby making the consumer share some of the burden. But this is

a political decision as he himself points out and it is only a very stable government that can take such an unpopular decision. Right now a variety of political forces are trying to undermine the stability of the government, not to mention the jinx that seems to be worrying the parliamentarians. From this point of view seeking loans to bail out the PTT seems to be the easier way out for the government but that will definitely mortgage the fiscal policy of this and future governments.

There is no easy way out and it will be wrong to blame the Prem Tinsulanonda Government alone. The problem has been compounded by various governments since the 'oil shock' of 1973 and not one of them came close to working out an energy conservation policy. Now, since politics is intimately involved, we can only wait and see what Prime Minister Prem and his Cabinet think is politically feasible.

CSO: 4220/7

OPEC FUNDS TO HELP FINANCE HYDROELECTRIC PROJECT

LD191730 Vienna OPECNA in English 1356 GMT 18 Sep 81

[Text] Vienna, 18 Sep (OPECNA)--The OPEC fund for international development has extended a 21.8 million U.S. dollar loan to Thailand to help finance the Chiu Lan hydroelectric power project. The loan agreement was signed at the fund's headquarters here today. It carries an interest rate of 1 percent plus an annual service charge of 0.75 percent and has a 20-year maturity with a 5-year grace period.

The project, on the Salwin River, involves the construction of a dam, power house and transmission lines and the resettlement of 315 families living in the reservoir area. It forms part of a Thai Government program designed to reduce the country's dependence on imported oil through development of its indigenous energy resources.

With the signature of this fourth loan to Thailand, the fund's lending to the Southeast Asian country has reached 43.8 million dollars. The other three were also for energy projects, of which two were rural electrification schemes and the third, at Mae Mo, related to generating power from lignite.

Thailand will also benefit from a project loan by the fund to Laos, as a proportion of the electricity generated under the scheme will be exported to it.

CSO: 4220/14

USSR TOPS LIST OF THAI RICE BUYERS

Bangkok THE NATION REVIEW in English 3 Aug 81 pp 9, 10

[Article by Manas Ruamrudee]

[Text] **THE SOVIET UNION** has, for the first time in recent years, shot up to become the top importer of Thai rice in the first six months of this year, with a dramatic increase to 242,435 tons compared to 160,795 tons in the corresponding six-month period last year.

Figures at the Board of Trade of Thailand show that Moscow bought most of its Thai rice (mainly white rice 10 per cent) from private exporters - to the tune of 242,435 tons.

Iran came second with imports of Thai rice (second grade, 100 per cent) from private exporters amounting to 211,670 tons. Other big buyers of Thai rice during January-June, 1981 included Senegal, Malaysia, China and South Korea. Malaysia and China only bought through government channels, however.

Total purchases of Thai rice from these six countries were 979,707 tons or 53.5 per cent of the total export volume of Thai rice.

Observers noted a vastly different pattern of rice export this year. Last year,

Indonesia was the top importer with a record of 594,015 tons (or 33 per cent of the total rice exports) in the first six months of last year.

Rice exports during January-June, this year, proved to be active and encouraging, most traders said. Total exports for the six-month period were as high as 15,669.73 million baht, compared to 11,889.91 million baht in the same period last year - representing a significant increase of 31.79 per cent.

It was also noteworthy that 68.97 per cent of the exported rice in this six-month period was through private exporters while the government's share in this respect was only 31.03 per cent, a drop from last year's 42.79 per cent.

"This is one reason

why this year's export value of rice is so much higher than that of last year," said a major rice trader.

Prices were generally on the high side for rice in the six-month period, except for broken rice which was on the downward trend without any sign of picking up.

Domestically, the price of rice was up about 25 per cent compared to that of last year while export price was also up by about 20 per cent.

Paddy prices were up tremendously due to the government's price guarantee scheme, the main stimulant in pushing up prices of rice here and abroad.

Trading of rice for the next six months may ease somehow due mainly to the heavy contracts already signed in the first part of the year.

The government is committed to deliver about 700,000 tons abroad in the next six months - 225,000 tons for Senegal; 223,700 tons for Indonesia; 124,500 tons for China; 83,594 tons for Malaysia and 50,000 tons for other

countries. The private exporters still have yet to deliver another 100,000 tons.

All in all, about 2.6 million tons of rice have been committed for sales this year - quite close to the originally set target of 2.8 million tons. The remaining 200,000 tons off the target could easily be sold, especially with the more competitive edge for Thai exports following the 8.7 per cent baht devaluation.

At one point recently, the sharp rise in the price of high grade rice (100 per cent and 5 per cent white rice) in the second week of May caused fears that the supply of high-grade rice would fall short in the domestic market. The Foreign Trade Department reacted to the trend by curbing the export of more high grade rice in the next few months.

President of the Agricultural Cooperatives Federation of Thailand, Mr Prapat Limprabhan, urged the government to speed up the export of low-grade rice. Measures have been mapped out and are expected to produce results soon.

Thailand produced 18 million tons of paddy during 1980-81 but because of flood, the rice milled contained a high percentage of low grade rice, causing a pile-up of large stock. The second harvest, expected to be in the market now, should yield a high percentage of high-grade rice.

Meanwhile, a compromise has been struck, but has yet to be implemented over the Thai Rice Millers Association's request to the Revenue Department to remove the 1.5 per cent business tax levied on sales by medium and large scale mills.

The controversy caused ricemills in several provinces to stop buying paddy from farmers until the dispute is settled.

The Revenue Department introduced the 1.5 per cent business tax in early May, after it had been scrapped several

years ago on grounds that it was in effect tax on poor farmers who could ill afford it. But the business tax was reintroduced in May on the grounds that the government was in need of revenue to meet tax shortfalls in other categories.

Representatives of the Thai Rice Millers Association and the Revenue Department met last week to thrash out the controversy and a compromise based on the sizes, production capacities and operation hours of each rice mill in levying the tax was agreed upon although details have yet to be worked out, according to informed sources.

Here is a comparative table showing rice purchases made by various countries from Thailand in the first six months of this year compared to that in the six-month period of 1980: (Volume: Tons)

	1981	1980
1. USSR	242,435	160,795
2. Iran	211,670	103,815
3. Senegal	154,094	173,333
4. Malaysia	134,110	34,894
5. China	120,494	18,195
6. Korea	116,904	12,246
7. Nigeria	116,397	133,767
8. Indonesia	104,630	594,015

Source: Rice Inspection Committee, Board of Trade of Thailand.

BRIEFS

GREETINGS TO SRV--On the occasion of Vietnam's National Day, I extend my congratulations and best wishes to you and the people of Vietnam for their happiness. [Text of greetings message from King Phumiphon of Thailand to the chairman of the SRV Council of State on the occasion of SRV National Day--dated 2 September] [Text] [BK021346 Bangkok Domestic Service in Thai 1300 GMT 2 Sep 81]

SPECIAL PARLIAMENTARY SESSION--Royal decree convening an extraordinary parliamentary session of 1981. The signature of his majesty King Phumiphon Adunyadet, Rex, given on 19 September 1981, being the 36th year of the present reign. By the royal command of his majesty King Phumiphon Adunyadet, it is hereby proclaimed that: Taking into consideration the necessity for convening an extraordinary session of the parliament in the interest of the nation, empowered by the provision of articles 118 and 159 of the constitution of the kingdom, his majesty the king has graciously ordered a royal decree convening an extraordinary parliamentary session on 25 September 1981. Countersigned by Gen Prem Tinsulanon, prime minister. [Text] [BK201356 Bangkok Domestic Service in Thai 1300 GMT 20 Sep 81]

FOREIGN AID NEEDED--The information office of the supreme command has reported that to date some 5,000 babies were born from parents who are Kampuchean immigrants in various refugee centers. Thailand will be shouldered with the burden of caring for these babies because assistance from international organizations will end by the end of this year. The supreme command information office notes that international organizations providing assistance to Kampuchean illegal immigrants reportedly will end its assistance by the end of this year due to shortage of funds. As a consequence, the burden for caring for some 5,000 babies will fall on Thailand. Thailand, therefore, will need assistance from international organizations in order to alleviate its burden. High-level discussions for assistance from international organizations are currently underway. [Excerpts] [BK300345 Bangkok Voice of Free Asia in Thai 1000 GMT 29 Sep 81]

GATT, UNCTAD COMMISSIONS ESTABLISHED--The cabinet has recently approved the establishment of the National Commission on United Nations Conference on Trade and Development (UNCTAD) and General Agreement on Tariff and Trade (GATT). The commission has the commerce minister as its chairman, undersecretary of state for commerce as deputy chairman, and 17 representatives from agencies concerned as members of the commission. The committee is authorized to lay down the policy and the rule of Thailand on economy and trade under the control of UNCTAD and GATT and to seek that Thailand most benefit from the activities of the two agencies as well as to appoint a Thai delegation to attend the meetings and discussions held by UNCTAD. [Text] [BK030321 Bangkok Domestic Service in English 0000 GMT 3 Aug 81]

BANK TO EASE LOAN SITUATION--The Bank of Thailand has increased rediscount percentage of promissory notes pledged by the commercial banks from 25 percent to 30 percent effective as of 4 September this year. This is an effort to ease the tight money situation and to help the commercial banks widely extend their loans to finance the purchases of rice from farmers under the price support scheme for 1980-1981 season. Since 1 December 1980 the Bank of Thailand has been providing rice purchase credits for the government's rice price support scheme which has proved very successful. The credit scheme has been reported to have been very helpful to farmers. So far the Bank of Thailand has extended loans totalling 804.7 million baht to the commercial banks for use in this project. [Text] [BK100236 Bangkok Domestic Service in English 0000 GMT 10 Sep 81]

CORN TO USSR--According to the director general of the Foreign Trade Department, the private sector has signed an agreement with the USSR to sell 100,000 tons of corn to that country valued at about 35 million baht. The delivery of the grain has been set for September. [Bangkok Voice of Free Asia in English 1100 GMT 29 Aug 81]

RICE SALE TO IRAN--A leading Thai rice exporter has received an order for the supply of 30,000 tons of second class 100 percent grade white rice worth about 350 million baht to Iran. Another Thai rice exporter also received an identical order also destined for Iran. This brought the total purchases by the country to 60,000 tons valued at about 690 million baht in only 2 weeks, with these amounts to be shipped out within the next month. [Bangkok Voice of Free Asia in English 1100 GMT 31 Aug 81]

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